

Department of Legislative Services
 Maryland General Assembly
 2008 Session

FISCAL AND POLICY NOTE

Senate Bill 907 (Senator Pugh)
 Finance

Public Safety - Demolition Work - Safety Provisions and Permitting

This bill requires a contractor to obtain a permit from a local jurisdiction or the Department of Labor, Licensing, and Regulation prior to demolition of a structure built before January 1, 1978. The bill establishes notice, signage, and lead hazard provisions that apply to a contractor that performs demolition work of any such structure, regardless of the agency that issues the permit for the demolition work.

Fiscal Summary

State Effect: General fund expenditures could increase by \$251,100 in FY 2009 for additional staff to meet permitting and inspection requirements. General fund revenues would increase from permitting fees. Future years reflect annualization and inflation.

(in dollars)	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
GF Revenue	-	-	-	-	-
GF Expenditure	251,100	329,500	345,800	362,900	380,900
Net Effect	(\$251,100)	(\$329,500)	(\$345,800)	(\$362,900)	(\$380,900)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: Local governments that regulate demolition services could experience additional administrative and inspection requirements as a result of the bill.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary: The bill requires a contractor to obtain a demolition permit from the appropriate local jurisdiction before performing demolition work of a structure or mass of material built before January 1, 1978. If a local permit is not required, the contractor must obtain the demolition permit from the Department of Labor, Licensing, and Regulation.

An application for a demolition permit from DLLR must include proof that the applicant successfully completed a training course in demolition protocol, holds a lead-safe certificate, and has provided written notice to owners of neighboring properties and wired facilities. The applicant must additionally provide proof that flooring adhesive has been distributed to those in proximity to the work site, appropriate rodent control services have been completed, and notice has been posted of the scheduled demolition. The applicant must also provide notice of the demolition to local health, housing, public safety, and public works providers. The applicant must have employed a predemolition inspector and developed a minimally disruptive main truck route. The applicant must also safely dispose of any leaded windows prior to approval of the application.

If approved, demolition work must begin within 30 days of issuance of the permit and end within 90 days of issuance. DLLR may assess a fee of 15 cents per cubic foot for failure to adhere to these requirements. At least 24 hours before beginning work, the contractor must schedule an onsite consultation with a DLLR inspector to discuss applicable requirements and procedures.

All architectural materials must be removed from the secured demolition site by a certified lead hazard control worker, with all debris removed within 24 hours of completion. Demolition work is authorized only between the hours of 7:00 a.m. and 7:00 p.m. Unsafe party walls must be reconstructed as necessary to properly enclose adjacent structures. The contractor must follow all stormwater, asbestos, oil tank, air pollutant, and other regulations applicable to the demolition work.

All preceding notice, signage, and lead hazard requirements for applicants for a DLLR demolition permit also apply to contractors who obtain a demolition permit from a local jurisdiction.

Current Law: Under the 1994 Reduction of Lead Risk in Housing Law, the Maryland Department of the Environment • assures compliance with mandatory requirements for lead risk reduction in rental units built before 1950; • maintains a statewide listing of registered and inspected units; and • provides blood lead surveillance through a registry of test results of all children tested in Maryland. The program also • oversees case

management follow up by local health departments for children with elevated blood lead levels; • certifies and enforces performance standards for inspectors and contractors working in lead hazard reduction; and • performs environmental investigations for lead poisoned children. In addition, the program provides oversight for community education to parents, tenants, rental property owners, homeowners, and health care providers to enhance their role in lead poisoning prevention.

State Revenues: DLLR conservatively estimates that there are approximately 2,500 active construction sites in Maryland at any given time, an estimated 70% of which involve a form of demolition. A subset of these demolition sites involve structures built prior to 1978. The department would be required to issue a permit for demolition work that is not locally regulated; the department anticipates that it would be required to issue no more than 230 permits per year.

For illustrative purposes only, general fund revenues could increase by \$57,500 on an annual basis if DLLR were to issue 230 permits per year at a fee of \$250. Actual revenues would depend on the number of demolitions, the jurisdictions regulating the work, and the fee established by the department for this service.

State Expenditures: General fund expenditures could increase by an estimated \$251,099 in fiscal 2009, which accounts for the bill’s October 1, 2008 effective date. This estimate reflects the cost of hiring three building construction inspectors, one building construction manager, one administrative specialist, and one office secretary to review applications, schedule inspections, inspect demolition sites, handle complaints, and coordinate with local governments. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Positions	6
Salaries and Fringe Benefits	\$222,904
Operating Expenses	<u>28,195</u>
Total FY 2009 State Expenditures	\$251,099

Future year expenditures reflect • full salaries with 4.4% annual increases and 3% employee turnover; and • 2% annual increases in ongoing operating expenses.

Local Expenditures: Although local governments would not be required to issue demolition permits, those governments that do regulate these services would likely experience additional administrative and inspection requirements as a result of this bill.

It is unclear whether local governments would be required to enforce the notice, signage, and lead hazard provisions of the bill.

Small Business Effect: Small business demolition contractors could experience additional expenditures in obtaining a permit and complying with notice, signage, and lead hazard requirements.

Additional Information

Prior Introductions: None.

Cross File: HB 1526 (Delegate Carr, *et al.*) – Environmental Matters.

Information Source(s): Department of Labor, Licensing, and Regulation; Maryland Department of the Environment; Department of Legislative Services

Fiscal Note History: First Reader - March 21, 2008
ncs/ljm

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