

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 265** SLS 12RS 32
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 30, 2012 5:53 PM	Author: MORRELL
Dept./Agy.: Department of Public Safety	
Subject: Authorize the fire marshal to condemn certain buildings	Analyst: Alan M. Boxberger

PUBLIC SFTY/CORRECT DEPT OR INCREASE SG EX See Note Page 1 of 1
 Authorizes the state fire marshal to condemn and order demolition or removal of certain buildings and structures located in a parish or municipality. (8/1/12)

Present law creates the Louisiana Blighted Property Reclamation Revolving Loan Fund and allows utilization of the fund for maintenance, repair, removal or demolition of dangerous structures. Proposed law allows use of the fund to demolish or remove buildings condemned by the state fire marshal; provides that the state fire marshal may condemn and cause to be demolished any building or structure when it endangers the public welfare; provides for written reports and notification of a hearing prior to demolition; provides for appointment of an attorney; provides for expedited procedure; provides for filing requirements; provides for an appeal process; provides for responsibility of demolishing condemned buildings; provides for waiver of liability; provides for deadline of demolition; provides for assignment of national guard resources to assist in demolition under certain circumstances; provides for privilege and lien upon immovable properties; provides for responsibility of costs; provides for assessment; provides for allowable interest; prohibits cancellation of the lien until certain conditions are met; provides for situation in which condemned building is owned in indivision; and provides for extensions.

EXPENDITURES	2012-13	2013-14	2014-15	2015-16	2016-17	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW					
Agy. Self-Gen.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Ded./Other	SEE BELOW					
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	SEE BELOW					
Annual Total						

REVENUES	2012-13	2013-14	2014-15	2015-16	2016-17	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Ded./Other	SEE BELOW					
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total						

EXPENDITURE EXPLANATION

The proposed law may result in a substantial but indeterminate increase in state expenditures. The proposed law will require an increase in the current workload of the enforcement section of the Office of State Fire Marshal (OSFM). This increase is not anticipated to require additional T.O. positions. OSFM indicates that it will require contracted legal services in the form of a private attorney at \$150 per hour to cover costs for travel, production of court research and records, and representation of property owners. The department estimates that between 5 and 10 cases per year will result from the proposed law, each requiring approximately 10 hours of legal work, and an estimated expenditure between \$7,500 and \$15,000 annually (\$150 X 5 structures x 10 hours = \$7,500, for 10 structures = \$15,000). These assumptions presuppose that the legislation is intended to impact only commercial buildings and structures.

The number of cases per year will increase substantially if the legislation also applies to residential structures, resulting in an estimated expenditure increase of \$1,500 per structure condemned and ordered demolished or removed. To the degree that local parishes and municipalities opt out of enforcing provisions of existing law and provisions of the proposed law, leaving these activities as the responsibility of the OSFM, the state expenditure amount can increase substantially. The activity associated with the proposed law can also be impacted by natural disaster, resulting in dramatic cost increases in the years following a substantial disaster event. The number of additional structures in each of these scenarios is speculative and the potential increase in costs is indeterminable.

To the extent that the budget for demolition and removal of condemned structures has been expended by a local governing authority, and that such fact is established by required documentation, the adjutant general may assign, with approval of the governor, national guard personnel and equipment to assist in the removal and demolition of condemned buildings and structures. To the degree that this condition is met and national guard resources are utilized, expenditures of SGF will increase by an indeterminable amount impacted by the number, size and complexity of such demolitions.

To the degree that costs are fully reimbursed through liens, privileges and assessments, the activities associated with the proposed law may be paid from self-generated revenues. To the degree that costs to process demolition or removal of buildings and structures surpass collectible liens and assessments, the OSFM may require SGF support.

NOTE: The bill is silent with regard to funding demolition and removal of condemned structures. Act 601 of the 2008 Regular Session created the Louisiana Blighted Property Reclamation Revolving Loan Fund, but no monies have been deposited to date. The Legislative Fiscal Office assumes the expense will be the responsibility of local government or will require state general fund appropriation to the fund.

REVENUE EXPLANATION

The proposed law provides for the Office of State Fire Marshal (OSFM) to be reimbursed for expenses related to condemnation procedures, attorney fees, and other costs as well as reimbursement of any emergency repairs secured by the OSFM. The department is unable to estimate potential revenues because the number of buildings and structures impacted are speculative. The proposed law is silent with regard to deposit of reimbursements. The Legislative Fiscal Office assumes these revenues are to be collected and coded as SGR.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>	
<input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}	<input checked="" type="checkbox"/> 6.8(F)1 >= \$500,000 Annual Fiscal Cost {S}		<i>Evan Brasseaux</i>
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}	<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}		Evan Brasseaux Staff Director