



# Ohio Legislative Service Commission

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## Fiscal Note & Local Impact Statement

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**Bill:** Sub. H.B. 362 of the 128th G.A.  
(LSC 128 1679-2 with AM8304)

**Date:** May 24, 2010

**Status:** In House Commerce & Labor

**Sponsor:** Rep. Chandler

**Local Impact Statement Procedure Required:** No — Minimal cost

**Contents:** Requires carbon monoxide alarms and portable fire extinguishers in new residential buildings

### State Fiscal Highlights

- The Department of Commerce could incur a negligible one-time cost for modifying the real property disclosure form in order to account for the carbon monoxide alarm and portable fire extinguisher requirements included in the bill.

### Local Fiscal Highlights

- Local building departments would incur little or no additional cost to enforce the bill's safety equipment requirements for new one, two, or three-family residential buildings. This is because building department personnel would most likely check for compliance during final inspections.
- If a special inspection or additional staff time were needed to account for these additional safety requirements, building departments could assess an additional fee to cover these costs.
- Existing residential buildings are exempt from the bill's requirements.

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## Detailed Fiscal Analysis

### Overview

The bill makes a number of changes to the laws governing the residential building code and the disclosure of residential real property information to ensure that residential buildings contain carbon monoxide (CO) alarms and portable fire extinguishers. Under the bill, the Residential Construction Advisory Committee (RCAC) must recommend and the Board of Building Standards (BBS) must adopt rules to the Residential Building Code that would require each residential building to have CO alarms and portable fire extinguishers. The equipment must conform to location and product and installation standards, which would be included in the rules adopted. One-hundred eighty days after these rules are adopted, new residential buildings (one, two, or three-family dwelling houses for which the plans, drawings, specifications, and data are approved after the effective date of the rules) would be required to have the additional safety equipment installed and in operation. Finally, the bill states that claims against a manufacturer or supplier of a defective CO alarm or portable fire extinguisher must be brought in accordance with the Product Liability Law, a process that would already apply under existing law. Overall, these changes are unlikely to increase enforcement costs for local building departments. The changes will have little or no effect on the Department of Commerce, which is responsible for changing the disclosure form under the bill.

### Enforcement costs

The bill's safety equipment requirements would be primarily enforced by local building department personnel for county, township, and municipal building departments that would likely inspect new residential construction during the building's final inspections to ensure that the required equipment is present and appropriately installed. If so, there would be little or no additional cost for such an inspection of a one, two, or three-family home. If a special inspection is needed or staff time increased significantly to inspect the units, a fee would be charged to cover this added cost. Similar requirements may already be in effect in various areas of the state, as some local governments may already require residential structures to have CO alarms and fire extinguishers.<sup>1</sup>

For existing homes, the bill would require potential buyers to be informed about whether or not this safety equipment is present by requiring the Director of Commerce to revise the residential real property disclosure form which, except for various

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<sup>1</sup> The Residential Building Code provides uniform requirements for residential buildings in any area with a building department certified to enforce the Code. However, counties, townships, and municipalities may adopt local residential building regulations that address subject matter not covered under the Residential Building Code.

exemptions in current law, is required before one to four-family residential dwelling unit properties are transferred. The disclosure form must include a provision permitting a transferor to disclose whether the property contains CO alarms and portable fire extinguishers that comply with the applicable standards. Other than the possibility of some negligible expenses that the Department of Commerce might incur for modifying the property disclosure form, there appear to be no direct state or local government costs associated with the disclosure requirements.

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## **Synopsis of Fiscal Effect Changes**

The substitute versions of the bill (LSC 128 1679-1 and LSC 128 1679-2) made several changes to the As Introduced bill that are unlikely to change the bill's net fiscal effects significantly. The changes include:

- Removing apartment buildings and condominiums from the definition of residential building in a certain section of the As Introduced bill. Although there was some ambiguity in that version, including these types of buildings may have significantly increased inspection workload for building department personnel, possibly creating the need for a special inspection and a fee to be charged to cover those costs.
- Explicitly stating that the requirements apply to new residential buildings only and that the RCAC rule recommendation process applies. There was some ambiguity in the previous substitute version (LSC 128 1679-1) regarding these issues. If the bill were to have been interpreted as applying to existing residential buildings, enforcement would have occurred only if a substantial alteration was made to the building and the owner was required to obtain a building permit.
- Eliminating provisions in the As Introduced and subsequent substitute bills that (1) prohibited residential real property transfers unless the property contained the required safety equipment and (2) permitted a transferee to rescind a transfer agreement if the disclosure form indicated the property did not conform to the safety equipment requirements.
- Finally, adding a provision to the current substitute version (LSC 128 1679-2) stating that claims against a manufacturer or supplier of a defective CO alarm or portable fire extinguisher must be brought in accordance with the Product Liability Law, a process that would already apply under existing law.