



March 19, 2021

Re: City concerns with HF 1085 (basing building permit fees on cost per square foot)

Members of the House Labor, Industry, Veterans and Military Affairs Finance and Policy Committee:

The League of Minnesota Cities, Coalition of Greater Minnesota Cities, Minnesota Association of Small Cities, Metro Cities, and Municipal Legislative Commission respectfully ask members to oppose efforts to grossly oversimplify the review and inspection process by basing permitting and inspection fees on a cost per square foot.

Currently, building permit fees are based on the construction value of the residential or commercial project and must be “fair, reasonable, and proportionate to the actual costs of the service.” Builders play a key role by providing an estimated permit value that reflects the cost of construction. Based on that information, city building officials confirm that the valuation is accurate, and the fee is established based on a set fee schedule adopted by the municipality.

Basing permitting and inspection fees on a cost per square foot oversimplifies the review and inspection process and treats buildings the exact same regardless of their complexity. Ensuring code compliance for a 3,000 sq. foot barn necessitates a much different process and associated fees than a 3,000 sq. foot single-family home. Even if the bill were restricted to residential buildings, a more complex value home necessitates plan review and inspection fees that match the work performed by the city.

Additionally, the current valuation-based system for fees more accurately captures improvements made to remodel an existing building. Basing permitting and inspection fees on a cost per square foot would make it impossible to capture how much or how little work was done to the space (i.e., window replacement, bathroom remodel, etc.).

Questions remain in authorizing a cost per square foot calculation versus the current valuation standard. We strongly believe that a valuation-based methodology for building permit fees most accurately captures the value of all construction work (materials and labor) and complexity. Basing building permit fees on valuation most accurately accounts for the inspection work needed to ensure code compliance of remodel work and new construction. Please join us in preserving city authority to recognize and recover costs for cities’ important efforts to ensure the health, welfare, and safety of our residents.

Sincerely,

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