

2011 SENATE INDUSTRY, BUSINESS AND LABOR

SB 2284

# 2011 SENATE STANDING COMMITTEE MINUTES

Senate Industry, Business and Labor Committee  
Roosevelt Park Room, State Capitol

SB 2284  
January 26, 2011  
Job Number 13419

Conference Committee

Committee Clerk Signature	<i>Eva Littel</i>
---------------------------	-------------------

## Explanation or reason for introduction of bill/resolution:

For an Act to provide for an interstate compact on industrialized or modular buildings

## Minutes:

Testimony Attached
--------------------

**Chairman Klein:** Opened the hearing.

**Senator Lyson:** Said he brought the bill because North Dakota is trying to enter into an interstate compact with the Industrial Building Commission, which would afford them full membership in that commission to continue to deliver a third party inspection of new modular buildings or homes coming into the state. It is designed to insure that these new modular buildings and homes meet the state building code and standards.

**Chairman Klein:** Asked if it could be done without a compact.

**Senator Lyson:** It could but this is better.

**Jim Boyd, Interim Director of the Division of Community Services, North Dakota Department of Commerce:** Testimony attached with their annual report.

**Senator Nodland:** Wanted to know how the inspection process is done when these homes are brought into the State, does this supersede the States building inspectors?

**Jim:** As it relates to the process, when these homes are made in a manufactory setting, inspections are done when they are being built at the factory making sure they are additional inspections once they enter the state.

**Senator Nodland:** What is the local building inspector saying about these homes, does he accept these standards and not inspect afterwards?

They will get that answer from someone else.

Discussion and questions continued.

**Chairman Klein:** Asked if they have had any cases of the homes that are being brought in to be inadequate.

**Jim:** Since they have been doing the third party program, they have had some complaints and they work with the manufacturer to fix the problem.

**Senator Laffen:** What this does is give us representation on the compact?

**Jim:** It gives us the ability to stay with the IBC program.

**Senator Laffen:** Do we not need to participate to get the benefits, the worse we could do is not pay to participate but get the benefits of the units coming into the state?

**Jim:** Reluctant to assume all manufacturers are going to do it right, there might be some small ones that maybe inexperienced.

**Kevin Alms, Industrialized Building Commission Project Manager:** Stated this would not change anything as far as the current program, it will stay the same. The purpose of the compact is to insure uniformity within states. In case one manufacturer decides to ship a unit into another state they won't have to go through a new set of requirements.

**Senator Nodland:** So to understand the units coming into North Dakota will be built to North Dakota codes?

**Kevin:** If it is built in Minnesota to the Minnesota code there would be on the data plate on the unit. If they were going to ship that unit into North Dakota they would be required to go through a new review process to make sure it was following the North Dakota code and make changes as needed. As far as local inspections, it just shows anything coming from the factory that can't be observed anymore, closed construction, that it did comply with the codes. Anything done on site is still subject to local jurisdiction.

**Senator Nodland:** So what does this compact do to solve the problem of local inspectors that found some units that did not qualify to the North Dakota code? Would that insure that they follow code before it comes to North Dakota?

**Kevin:** It would as much as possible. You are always going to find times that a manufacture will not aware of the regulations. Sometimes the only way you can catch that is through the local building inspector.

**Senator Andrist:** Is this compact for the advantage of the builder or for the protection of the consumer and does the cost go to the consumer?

**Kevin:** No it is just the opposite; it reduces the cost of administering programs. If you had three separate states administering the program the overhead cost would be quite a bit more. This interstate reciprocity has longed been recognized. Without an interstate compact it becomes difficult to administer because there are so many different regulations to have one uniform program. The compact insures every state have a uniform program, so any product going out or coming into that state is identical.

Discussion and questions continued

**Chairman Klein:** Closed the hearing.

# 2011 SENATE STANDING COMMITTEE MINUTES

Senate Industry, Business and Labor Committee  
Roosevelt Park Room, State Capitol

SB 2284  
January 26, 2011  
Job Number 13458

Conference Committee

Committee Clerk Signature	<i>Eva Lutelt</i>
---------------------------	-------------------

## Explanation or reason for introduction of bill/resolution:

For an Act to provide for an interstate compact on industrialized or modular buildings

## Minutes:

Discussion and Vote
---------------------

**Chairman Klein:** We heard this morning the compact issue and about joining the compact. This compact is providing a service we are currently using. If it is IBC approved it will save someone some money.

**Senator Laffen:** Doesn't know if the compact is a benefit but this trend of modular homes, green homes and more technology being put into the homes will be something of the future.

**Senator Andrist:** No appropriations, doesn't understand what the cost is.

Discussion on what this will do and who will end up paying the cost of this and also trying to make it easier to bring these modular units into the State.

**Senator Andrist:** Motion made for a do pass.

**Senator Murphy:** Seconded the motion.

Roll Call Vote: Yes-7 No-0

Senator Murphy to carry the bill

# FISCAL NOTE

Requested by Legislative Council  
01/21/2011

Bill/Resolution No.: SB 2284

**1A. State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2009-2011 Biennium		2011-2013 Biennium		2013-2015 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

**1B. County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

2009-2011 Biennium			2011-2013 Biennium			2013-2015 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

**2A. Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

This bill provides for the adoption of the interstate compact on industrialized or modular buildings. The commission will propose recommended laws, rules, and regulations to standardize the regulation of industrialized or modular buildings among states.

**B. Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

The governor of each participating state will appoint a commissioner to represent the state on the commission. Once the compact is effective, the commission will submit to the governor of each participating state a proposed budget and recommendations regarding the amounts to be appropriated by each participating state. No appropriation is included in this bill and the potential fiscal impact cannot be estimated.

**3. State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

**A. Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

**B. Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

**C. Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

Name:	Joe Morrissette	Agency:	OMB
Phone Number:	328-1024	Date Prepared:	01/25/2011

Date: 1/26/2011  
Roll Call Vote # 1

2011 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 2284

Senate Industry, Business and Labor Committee

Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken:  Do Pass  Do Not Pass  Amended  Adopt Amendment  
 Rerefer to Appropriations  Reconsider

Motion Made By Senator Andrist Seconded By Senator Murphy

Senators	Yes	No	Senators	Yes	No
Chairman Jerry Klein	✓		Senator Mac Schneider	✓	
VC George L. Nodland	✓		Senator Philip Murphy	✓	
Senator John Andrist	✓				
Senator Lonnie J. Laffen	✓				
Senator Oley Larsen	✓				

Total (Yes) 7 No 0

Absent 0

Floor Assignment Senator Laffen

If the vote is on an amendment, briefly indicate intent:

**REPORT OF STANDING COMMITTEE**

**SB 2284: Industry, Business and Labor Committee (Sen. Klein, Chairman) recommends DO PASS (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2284 was placed on the Eleventh order on the calendar.**

2011 HOUSE INDUSTRY, BUSINESS AND LABOR

SB 2284

# 2011 HOUSE STANDING COMMITTEE MINUTES

House Industry, Business and Labor Committee  
Peace Garden Room, State Capitol

SB 2284  
March 8, 2011  
15063

Conference Committee

Committee Clerk Signature *Ellen Letang*

**Explanation or reason for introduction of bill/resolution:**

Interstate compact on industrialized or modular buildings

**Minutes:**

**Chairman Keiser:** Opens the hearing on SB 2284.

**Cal Steiner~Third Party Inspections Department Manager of the Division of Community Services, ND Dept. of Commerce:** (See attached testimony 1).

**Representative Ruby:** If we are using these regulations and the third party inspections already, why do we need to be a full member?

**Cal Steiner:** The legislature required us to draw up this compact in 2001. We have a lot of different units come in from other states and for us to implement that ourselves, we would have to have someone qualified to inspect them before they come into the state. If we belonged to this compact, the IBC's organization does all of that for us with no cost to us, in fact we make money.

**Representative Ruby:** These homes are being built to go to multiple states. Is there a set universal standards from state to state that they can build these? Can they go to one of twenty different states or do they have to specifically build them to the state they are going to?

**Cal Steiner:** They are to build them to the state building code, electrical, plumbing and health codes.

**Representative Ruby:** For each individual state?

**Cal Steiner:** Specific to the state of North Dakota.

**Chairman Keiser:** You mentioned in your testimony that since 2003, we have received 2300 homes, what was happening to the 2300 homes that came in? How many inspectors did you have that were checking these homes?

**Cal Steiner:** The state does not have any building code inspectors; we basically run the program to make sure that it is updated every two years. The state has no authority with the building code. The local jurisdictions would assume that liability. The electrical and plumbing board also do inspections but they are not invasive inspections. This program allows them to come in and the electrical board will still do some inspections. If they find something wrong, they give us the feedback and we contact the third party inspections.

**Chairman Keiser:** Prior to this bill passing, these homes were coming in and they had stickers on them, we were doing inspections at the local level, we were not part of the compact thereby we were not receiving part of the income from the inspections that the compact was doing. Is the only thing we are gaining is the revenue?

**Cal Steiner:** They would do the inspections at the local level. The local level loves this program because it frees up their time. Many areas do not have local inspectors. This takes that burden off them. The electrical board likes this program because they don't want to tear out sheetrock to take a look. Without this program it would be an invasive inspection to catch the things that we need to catch.

**Representative Ruby:** Have they been tearing off the sheetrock and doing invasive inspections?

**Cal Steiner:** We are a temporary member and originally designed the law intended that we become a full member of the compact. We have had the services, just like we are a full member, except we don't have input and after a certain amount of time they expect us to become a full member. The Industrialized Building Commission would like us to become the full member.

**Representative Kreun:** Does this include the Canadian units that are brought across the border?

**Cal Steiner:** Yes it does.

**Representative Kreun:** What about pre-built manufactured homes?

**Cal Steiner:** No, this does not include manufactured homes. Manufactured homes are built to the HUD code. The homes we are talking about are built to the state building codes.

**Representative N Johnson:** You said that they are built to the state codes. Do manufacturers have to keep track of each state's building codes or is there a universal building code that would be applicable for every state to have?

**Cal Steiner:** I believe they go in and make sure their standards of the way they operate are up to the level that they are suppose to be and that they know the level of these states.

**Representative Frantsvog:** The 3<sup>rd</sup> party is designed to assure that new modular building units shipped in to North Dakota meet the building codes standards. You talked about an

invasive inspection locally, why would we need both? Joining this compact, we are going to get this assurance. why would we need the local inspection?

**Cal Steiner:** We do not need it if we have the IBC label.

**Representative Frantsvog:** Can we get the IBC's label even if we are not a member of the compact? You said that we are getting it now.

**Cal Steiner:** We are a temporary member now until we get the IBC label, but if we were not a temporary member, we would not be able to.

**Vice Chairman Kasper:** How do we get into the compact?

**Cal Steiner:** It was required by law in 2001 that authorized the third inspection program and directed commerce to find a program that was to our liking. I wasn't around when they went to the IBC program but they have been beneficial and easy to work with.

**Vice Chairman Kasper:** How do we in North Dakota enter into this compact?

**Cal Steiner:** By the passage of this bill.

**Kevin Egilmez~Project Manager for Industrialized Building Commission (IBC):** The state of North Dakota is essentially been a member of the compact. This program has been in place since 2003. This legislation will make North Dakota a full member of the commission but currently they are a participating state. We have this interim reciprocity agreement whereby a state can try our program and the commission likes how the state is handling it. If the commission likes how that state is handling it, at that point, we come to an agreement and after five years, the interim reciprocity turns into a full membership. That was the intent of the initial agreement. It's been about eight years since the contract was first signed. North Dakota is unique in that all the rules and regulations are identical to our rules and regulations already. There will be nothing different except for the fact that North Dakota will become a full member of the compact.

**Chairman Keiser:** Legislature is putting this into compact through this legislation, not the governor or the commerce as a "may or shall." The legislature is doing it in SB 2284, you will join the compact.

**Kevin Egilmez:** It will be a statutory requirement for the state of North Dakota to accept the IBC label and for the commission to oversee the North Dakota program to make sure it's uniform with other member states.

**Representative Ruby:** Doe the IBC set standards that must be followed in every state? Do we give up some sovereignty in our own decisions on some of these codes?

**Kevin Egilmez:** We do not address codes at all. The only thing we are trying to insure is that the process by which those units get certified is uniform between several compact member states, so that manufacturers don't have to go through several different procedures to get approved. The only thing that we would require is that the state's

program would be uniform with our rules, regulations and uniform administrative procedures.

**Representative Ruby:** What procedures will be uniform?

**Kevin Egilmez:** The administrative procedures. Our goal is to make all states programs uniform so that regardless of which state program is being run, it's going to be an identical procedure and assure reciprocity between states. It's cost saving to states by making programs uniform.

**Representative Ruby:** Is North Dakota codes more stringent?

**Kevin Egilmez:** That is difficult to say but it's becoming more uniform because of the international building code.

**Chairman Keiser:** I think the state has adopted the international uniform building code. Political subdivisions can be more restrictive and have been. How does your organization address the fact that this is going to be placed in Bismarck, which is more restrictive than the state code?

**Kevin Egilmez:** Under the rules and regulations it would be required to meet the requirement for the locality. So if it's in any other place, any local amendments, they would have to comply with.

**Representative Kreun:** These are modular not manufactured buildings.

**Kevin Egilmez:** Yes.

**Representative Kreun:** That would be like the Detroit Lakes area that is building dynamic homes is what you are referring to?

**Kevin Egilmez:** As far as modular buildings, yes.

**Representative Kreun:** We have homes in our area that come from out of state and we have stricter requirements. We then had to send our building inspectors to that location prior to the building being built, so that they didn't have to go an invasive method of certifying that home. Now, this will replace that because it will be built to that standard where the home is coming to be certified and will save our city inspectors time.

**Kevin Egilmez:** Yes, that is correct.

**Vice Chairman Kasper:** How many states are in the compact so far?

**Kevin Egilmez:** Currently three.

**Vice Chairman Kasper:** What are those states?

**Kevin Egilmez:** New Jersey, Rhode Island and Minnesota. The state of Wisconsin also has an agreement with the state of Minnesota where they accept IBC labels.

**Vice Chairman Kasper:** With your research and knowledge, interstate compacts are totally constitutional and legal?

**Kevin Egilmez:** I believe so, I've looked into this and there are a lot of questions on this.

**Vice Chairman Kasper:** I want to point out that under Article 10 in the U.S. Constitution, compacts are legal. I wanted it on the record.

**Representative Frantsvog:** What does it cost to join this compact?

**Kevin Egilmez:** It will not cost anything to join. It's fully funded through label fees.

**Representative Amerman:** What happens if this bill fails?

**Kevin Egilmez:** North Dakota would have to develop its own statewide program for modular buildings or they would have to go back to the invasive inspections.

**Chairman Keiser:** Further questions? For the states that you have been participating with the compact and the IBC labels, have there been any incidences where products have been delivered that were unsatisfactory? What was the process for those kind of complaints.

**Kevin Egilmez:** There's procedures in the current regulations that address whether it's a single or repetitive non-conformance that can be tracked to several homes that are built by a single manufacturer. It's not a recall. But we would require the manufacturer to go out there and fix that. This is written into the regulations how we deal with that and there are different levels of severity.

**Chairman Keiser:** Anyone else here to testify in support, opposition, in neutral position to SB 2284. Closes the hearing, what are the wishes of the committee?

**Representative Kreun:** Moves for a Do Pass.

**Representative Gruchalla:** Second.

**Roll call was taken for a Do Pass on SB 2284 with 12 yeas, 0 nays, 2 absent and Representative M Nelson is the carrier.**

Date: March 8, 2011

Roll Call Vote # 1

2011 HOUSE STANDING COMMITTEE ROLL CALL VOTES

BILL/RESOLUTION NO. 2284

House House Industry, Business and Labor Committee

Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken:  Do Pass  Do Not Pass  Amended  Adopt Amendment

Motion Made By Rep Kreun Seconded By Rep Gruchalla

Representatives	Yes	No	Representatives	Yes	No
Chairman Keiser	✓		Representative Amerman	✓	
Vice Chairman Kasper	✓		Representative Boe	Ab	
Representative Clark	✓		Representative Gruchalla	✓	
Representative Frantsvog	✓		Representative M Nelson	✓	
Representative N Johnson	✓				
Representative Kreun	✓				
Representative Nathe	Ab				
Representative Ruby	✓				
Representative Sukut	✓				
Representative Vigesaa	✓				

Total Yes 12 No 0

Absent 2

Floor Assignment Rep M. Nelson

If the vote is on an amendment, briefly indicate intent:

**REPORT OF STANDING COMMITTEE**

**SB 2284: Industry, Business and Labor Committee (Rep. Keiser, Chairman)**  
recommends **DO PASS** (12 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING).  
SB 2284 was placed on the Fourteenth order on the calendar.

2011 TESTIMONY

SB 2284

(1)

DEPARTMENT OF COMMERCE TESTIMONY ON SB 2284  
JANUARY 26, 2011, 9:00 A.M.  
SENATE INDUSTRY, BUSINESS & LABOR COMMITTEE  
ROOSEVELT PARK ROOM  
SENATOR JERRY KLEIN, CHAIRMAN

**JIM BOYD – INTERIM DIRECTOR OF THE DIVISION OF COMMUNITY SERVICES, ND  
DEPT. OF COMMERCE**

Good morning Mr. Chairman and members of the committee. I am Jim Boyd, Interim Director of the Division of Community Services.

I am here in support of SB2284. This bill will allow the North Dakota Department of Commerce to enter into an interstate compact with the Industrialized Buildings Commission (IBC) which will afford us full membership in the IBC and continue our ongoing relationship to deliver Third-Party Inspections of new modular building units.

The Third party inspection program is designed to assure that new modular building units shipped into North Dakota meet state building code standards.

In 2001, the legislature authorized the Third-Party Inspection program (NDCC 54-21.3-07) and directed the Department of Commerce adopt rules to implement the program.

In designing the program we found it advantageous to work with the IBC to implement the program in so far as it did not require us to incur the expense of establishing a duplicative program utilizing state employees and resources.

Working together with the IBC to provide third-party inspections of new modular building units has been very beneficial for the state of North Dakota. The IBC performs the design reviews and in-factory inspections of new modular building units to assure that the units shipped to our state comply with our State Building Code.

Since 2003, North Dakota has received over 2300 IBC labeled modules that were manufactured in 70 different facilities located in 15 states. The agreement has also allowed North Dakota manufacturers to market their product in IBC states such as Minnesota without having to go through a separate review and approval process.

It has allowed us to provide these services at virtually no cost to the tax payer. The costs for these services are covered by label fees which are charged to the manufacturers. A portion of these fees are shared with member/participating states for minor administrative expenses and costs incurred in receiving and referring customer complaints.

Given the increase in energy development in the western part of our state, the third-party inspection program is growing in importance given the potential of newly manufactured modular buildings being used to meet the growing need for temporary worker housing.

According to the Council of State Governments' database, North Dakota is currently a member of or has ratified nearly 20 interstate compacts similar to this measure.

In conclusion, by enacting the Interstate Compact on Industrialized/Modular Buildings, North Dakota will become a full member of the Commission as it continues to enjoy the benefits of the IBC program. Also, we will be able participate directly in the decisions of the Commission.

Today I have with me Kevin Egilmez with the IBC to help answer any questions that you may have.

Thank you.

NORTH DAKOTA  
AND  
THE INTERSTATE COMPACT ON INDUSTRIALIZED/MODULAR BUILDINGS

Today, approximately 40 states administer an industrialized buildings program. Most have long recognized the need for a reciprocity system that would allow industrialized buildings approved under one program to be accepted by other states with similar programs. This would eliminate the need for each state to approve the same plan review and inspection agencies, the same documents and monitor the same manufacturers resulting in significant cost savings to states, manufacturers and, ultimately, consumers. Unfortunately, subtle differences in state laws and program requirements have prevented states from achieving this goal especially in a large scale.

Interstate compacts are ideal tools which states have used in place of federal preemptive programs to achieve interstate cooperation. In early 1990s, the National Conference of States on Building Codes and Standards (NCSBCS) and the Council on State Governments (CSG) drafted model legislation for an interstate compact that would enable states to develop and administer uniform state-based programs and ensure their mutual recognition and acceptance.

In 1992, Minnesota, New Jersey and Rhode Island enacted the Interstate Compact on Industrialized/Modular Buildings and created the Industrialized Buildings Commission (IBC). As it nears its 20<sup>th</sup> anniversary, IBC program has certified 148 thousand modules; approved 16 third party inspection and plan review agencies, and certified 235 inspectors and 141 plans examiners. IBC serves as a clearinghouse for member states including maintaining a central library of all approved plans, specifications and manuals; issuing and renewing certificates; maintaining copies of inspection reports and data plates. It is also responsible for collecting fees and issuing and tracking labels.

The program is completely self funded through revenues generated from the sale of labels and does not require any appropriations from its member states. In fact, up to 65 percent of the label fee which IBC receives is distributed back to participating states so that they can carry out their responsibilities under their program. Participating states receive \$ 24 for each module manufactured and \$ 12 for each one sited within their state.

The compact has provisions for an interim reciprocal agreement that allows interested states to participate in the program for a trial period – up to five years – without formally joining the compact through legislation. In 2003, North Dakota entered into such an agreement with the Commission. Since that time, North Dakota has received over 2300 IBC labeled modules that were manufactured in 70 different facilities located in 15 states. The agreement has also allowed North Dakota manufacturers to market their product in IBC states such as Minnesota without having to go through a separate review and approval process. Furthermore, the State of North Dakota received nearly \$ 30,000 through IBC's label fee reimbursements.

According to the Council of State Governments' database, North Dakota is currently a member of or has ratified nearly 20 interstate compacts. By enacting the Interstate Compact on Industrialized/Modular Buildings, North Dakota will become a full member of the Commission as it continues to enjoy the benefits of the IBC program. It will be able participate directly in the decisions of the Commission including overseeing the performance of inspection and plan review agencies and certified technical personnel as well as considering amendments to the Uniform Administrative Procedures and Model Rules and Regulations.

# Industrialized Buildings Commission

# 2009 ANNUAL REPORT

## About the Commission

Industrialized Buildings Commission (IBC) was created in 1991 when New Jersey became the third state after Minnesota and Rhode Island to enact the *Interstate Compact for Industrialized/Modular Buildings*. IBC, which is responsible for carrying out the activities of the compact, is comprised of governor-appointed state officials from member states and a representative from the industrialized (modular) buildings industry.

In 2009, Thomas Joachim, Assistant Commissioner with the Minnesota Department of Labor and Industry, served as chairman of the Commission. John Leyden, State Building Commissioner with Rhode Island Department of Administration served as vice-chairman and Michael Baier, Bureau Chief with the New Jersey Department of Community Affairs, as treasurer.

In addition to the three member states, North Dakota entered into an interim reciprocity agreement with IBC effective August 1, 2003. The agreement enables North Dakota to

*Mission Statement - Industrialized Buildings Commission supports and enhances productivity, innovation, affordability, and international competitiveness in the American construction industry through nationwide uniformity in codes, rules, regulations, and procedures and the elimination of duplication in reviews, inspections, and fees while assuring quality, durability, and safety in the built environment.*

participate in the IBC program prior to becoming a full member. An agreement reached between Minnesota and Wisconsin permits

industrialized (modular) buildings manufactured in Minnesota and bearing an IBC certification label to be sited in Wisconsin.

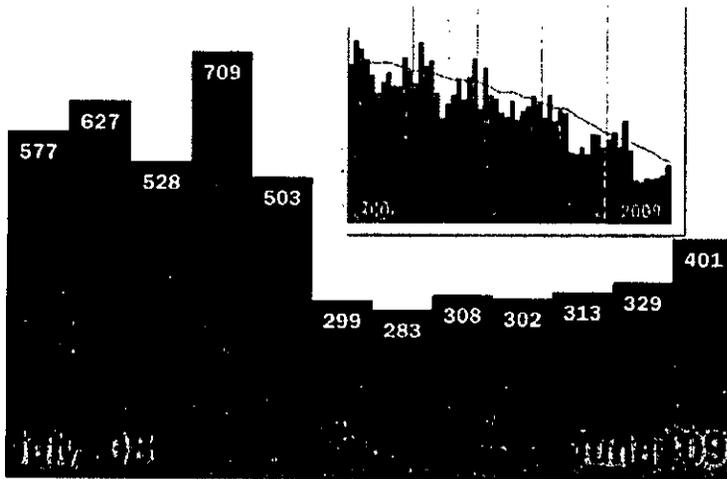
The purpose of the compact is to promote uniformity in state industrialized (modular) building programs - from design and manufacture to delivery and installation - and to streamline regulations by eliminating overlapping reviews and inspections by multiple jurisdictions all in a manner to assure interstate reciprocity. Member states are able to improve efficiency and reduce costs by consolidating similar services while continuing to operate, staff and enforce industrialized (modular) buildings programs at the state level. Improved compliance through uniform rules, regulations and procedures; better enforcement through exchange of information; and reduced costs through elimination of redundant reviews and inspections are just some of the compact's benefits.

The compact's rules, regulations, and procedures are developed by the Rules Development Committee (RDC) and recommended to IBC for adoption. RDC is a consensus-based committee with representatives from state governments, consumers, residential and commercial manufacturers, and private evaluation and inspection agency.

Since 1992, the National Conference of States on Buildings Codes and Standards, Inc. (NCSBCS) has served as IBC secretariat, providing administrative and secretarial support.

## The Year in Review

---



Nearly 250 manufacturing facilities in 35 states and Canadian provinces are approved to build industrialized buildings and building components under the IBC program. During the current period IBC certification labels were attached to approximately 5,200 modules.

One of IBC's functions is to assess performances of its 10 designated evaluation and inspection agencies including investigating the adequacy of each agency's procedures, personnel selection and training, and engineering evaluation of plans and specifications. In

2009, IBC state and secretariat auditors examined 49 compliance assurance programs and reviewed 16 design manuals. On-site audits were conducted to evaluate the performance of designated agencies and their inspectors by examining manufacturers' compliance assurance procedures and personnel.

IBC also issues and renews certifications for designated agency technical personnel. In 2009, there were 120 industrialized buildings inspectors and 70 plans examiners with active certifications. IBC holds semiannual mandatory briefing sessions for certified personnel at various locations in the eastern half of the United States to discuss recent code adoptions and amendments, application of specific code provisions or referenced standards, and general areas of concern.

## Program Highlights

---

### Reciprocity with the State of North Dakota



In 2003, North Dakota recognized the need for a statewide industrialized buildings program and elected to base its Third-Party Inspection Program on IBC's *model rules and regulations* and *uniform administrative procedures*. In August of that year, North Dakota became a participating state by entering into an interim reciprocity agreement with IBC. The agreement enables a state to participate in the program before enacting legislation and becoming a full compact member.

North Dakota's participation means manufacturers are able to market their IBC-labeled products in our states using a single approval and inspection process.

### Streamlining the Nation's Building Regulatory Process

In 1996, IBC was one of 55 national organizations and federal agencies to support "Streamlining the Nation's Building Regulatory Process" project initiated by NCSBCS. In April 1998, the project approved the *Interstate Compact for Industrialized/Modular Buildings* as a streamlining model. The compact's model legislation may be viewed on IBC Web site at [www.InterstateIBC.org](http://www.InterstateIBC.org).

## Financial Statements

IBC uses a portion of the revenues generated from label sales to defray its operating expenses while distributing up to 75 percent of the label fee to participating states to fund their program related activities. IBC has been financially self-sufficient since 1996 when member states made the program mandatory and, other than the initial start up funds, has not required any state appropriations.

### BALANCE SHEETS

ASSETS	June 30, 2009	June 30, 2008
Cash and Cash Equivalents	\$ 114,628	\$ 102,149
Short Term Investments	445,890	606,323
Advance to NCSBCS	5,450	5,450
<b>TOTAL CURRENT ASSETS</b>	<b>565,968</b>	<b>713,922</b>
<b>EQUIPMENT</b>		
Equipment	14,587	14,587
Less accumulated depreciation	(14,487)	(10,741)
Net equipment	100	3,846
<b>TOTAL ASSETS</b>	<b>\$ 566,068</b>	<b>\$ 717,768</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Liabilities	\$ 16,415	\$ 42,369
<b>Total Liabilities</b>	<b>16,415</b>	<b>42,369</b>
<b>NET ASSETS</b>		
Unrestricted:		
Undesignated	184,106	309,852
Designated	365,547	365,547
<b>Total Net Assets</b>	<b>549,653</b>	<b>675,399</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 566,068</b>	<b>\$ 717,768</b>

## IBC Commissioners

---

**Thomas R. Joachim, Chairman**  
Assistant Commissioner  
Minnesota Dept. of Labor and Industry

**Michael E. Baier, Treasurer**  
Chief, Bureau of Code Services  
New Jersey Dept. of Community Affairs

**John P. Leyden, Vice-Chairman**  
State Building Commissioner  
Rhode Island Dept. of Administration

**Robert A. Blatchford**  
Supervisor of Support Services  
Dynamic Homes, Minnesota

## RDC Members

---

James Rothman, Chairman ..... PFS Corporation, Wis.  
Mark Blanke ..... Dept. of State, N.Y.  
William Bryant ..... Anne Arundel County, Md.  
Michael English ..... Haven Homes, Pa.  
Ed Landon ..... Dept. of Housing & Community Development, Md.  
Neal Moss ..... Miller Building Systems, Ind.  
Emory Rodgers ..... Div. of Buildings and Fire Regulation, Va.  
Craig Simpson ..... Penn Lyon Homes, Pa.  
Cal Steiner ..... Dept. of Commerce, N. Dak.  
D: Scott Zweifel ..... Resun Leasing, Va.

## IBC Designated Agencies

---

Hilborn, Werner, Carter & Associates ..... Clearwater, Fla.  
Minn. Construction Codes & Licensing Division ..... St. Paul, Minn.  
Modular Code Consultants ..... Camp Hill, Pa.  
NTA ..... Nappanee, Ind.  
PFS Corporation ..... Cottage Grove, Wis.  
Progressive Engineering ..... Goshen, Ind.  
Pyramid1 ..... New Paris, Ind.  
RADCO ..... Long Beach, Calif.  
T. R. Arnold & Associates ..... Elkhart, Ind.  
A. N. Vendola ..... New Britain, Conn.



For more information, contact:

Industrialized Buildings Commission  
505 Huntmar Park Drive, Suite 210  
Herndon, Virginia 20170  
(703) 481-2022 | [www.InterstateIBC.org](http://www.InterstateIBC.org)

Testimony 1

**DEPARTMENT OF COMMERCE TESTIMONY ON SB 2284  
MARCH 8<sup>th</sup> 9:00 A.M.  
HOUSE INDUSTRY, BUSINESS & LABOR COMMITTEE  
PEACE GARDEN ROOM  
REPRESENTATIVE GEORGE KEISER, CHAIRMAN**

**CAL STEINER 3<sup>rd</sup> PARTY INSPECTIONS MANAGER, DIVISION OF COMMUNITY SERVICES, ND DEPT. OF COMMERCE**

Good morning Mr. Chairman and members of the committee. I am Cal Steiner, Third Party Inspections Department Manager of the Division of Community Services.

I am here in support of SB2284. This bill will allow the North Dakota Department of Commerce to enter into an interstate compact with the Industrialized Buildings Commission (IBC) which will afford us full membership in the IBC and continue our ongoing relationship to deliver Third-Party Inspections of new modular building units.

The Third Party Inspection program is designed to assure that new modular building units shipped into North Dakota meet state building code standards.

In 2001, the legislature authorized the Third-Party Inspection program (NDCC 54-21.3 07) and directed the Department of Commerce adopt rules to implement the program.

In designing the program, we found it advantageous to work with the IBC, to implement the program in so far as it did not require us to incur the expense of establishing a duplicate program utilizing state employees and resources.

Working together with the IBC to provide third-party inspections of new modular building units has been very beneficial for the state of North Dakota. The IBC performs the design reviews and in-factory inspections of new modular building units to assure the units shipped to our state comply with our State Building Code.

Since 2003, North Dakota has received over 2300 IBC labeled modular homes that were manufactured in 70 different facilities located in 15 states. The agreement has also allowed North Dakota manufacturers to market their product in IBC states such as Minnesota without having to go through a separate review and approval process.

It has allowed us to provide these services at virtually no cost to the tax payer. The costs for these services are covered by label fees which are charged to the manufacturers. A portion of these fees are shared with member/participating states for minor administrative expenses and costs incurred in receiving and referring customer complaints.

Given the increase in energy development in the western part of our state, the third-party inspection program is an important component in the growing need for safe temporary worker housing. According to the Council of State Governments' database, North Dakota is currently a member of or has ratified nearly 20 interstate compacts similar to this measure.

In conclusion, by enacting the Interstate Compact on Industrialized/Modular Buildings, North Dakota will become a full member of the Commission as it continues to enjoy the benefits of the IBC program. Also, we will be able participate directly in the decisions of the Commission.

Today, I have with me Kevin Egilmez with the Industrialized Buildings Commission to help answer any questions that you may have.

Thank you.

## NORTH DAKOTA AND THE INTERSTATE COMPACT ON INDUSTRIALIZED/MODULAR BUILDINGS

Today, approximately 40 states administer an industrialized buildings program. Most have long recognized the need for a reciprocity system that would allow industrialized buildings approved under one program to be accepted by other states with similar programs. This would eliminate the need for each state to approve the same plan review and inspection agencies, the same documents and monitor the same manufacturers resulting in significant cost savings to states, manufacturers and, ultimately, consumers. Unfortunately, subtle differences in state laws and program requirements have prevented states from achieving this goal especially on a larger scale.

Interstate compacts are ideal tools which states have used in place of federal preemptive programs to achieve interstate cooperation. In early 1990s, the National Conference of States on Building Codes and Standards (NCSBCS) and the Council on State Governments (CSG), drafted model legislation for an interstate compact that would enable states to develop and administer uniform state-based programs and ensure their mutual recognition and acceptance.

In 1992, Minnesota, New Jersey and Rhode Island enacted the Interstate Compact on Industrialized/Modular Buildings and created the Industrialized Buildings Commission (IBC). As it nears its 20<sup>th</sup> anniversary, IBC program has certified 148 thousand modules; approved 16 third party inspection and plan review agencies, and certified 235 inspectors and 141 plans examiners. IBC serves as a clearinghouse for member states including maintaining a central library of all approved plans, specifications and manuals, issuing and renewing certificates, and maintaining copies of inspection reports and data plates. It is also responsible for collecting fees and issuing and tracking labels.

The program is completely self funded through revenues generated from the sale of labels and does not require any appropriations from its member states. In fact, up to 65 percent of the label fee which IBC receives is distributed back to participating states so that they can carry out their responsibilities under their program. Participating states receive \$24 for each module manufactured and \$12 for each one sited within their state.

The compact has provisions for an interim reciprocal agreement that allows interested states to participate in the program for a trial period - up to five years - without formally joining the compact through legislation. In 2003, North Dakota entered into such an agreement with the Commission. Since that time, North Dakota has received over 2300 IBC labeled modules that were manufactured in 70 different facilities located in 15 states. The agreement has also allowed North Dakota manufacturers to market their product in IBC states, such as Minnesota, without having to go through a separate review and approval process. Furthermore, the State of North Dakota received nearly \$30,000 through IBC's label fee reimbursements.

According to the Council of State Governments' database, North Dakota is currently a member of or has ratified nearly 20 interstate compacts. By enacting the Interstate Compact on Industrialized/Modular Buildings, North Dakota will become a full member of the Commission as it continues to enjoy the benefits of the IBC program. It will be able participate directly in the decisions of the Commission, including overseeing the performance of inspection and plan review agencies and certified technical personnel, as well as considering amendments to the Uniform Administrative Procedures and Model Rules and Regulations.