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## SENATE COMMITTEE ON APPROPRIATIONS

Senator Anthony Portantino, Chair  
2019 - 2020 Regular Session

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### AB 1923 (Salas) - Residential structures: natural gas shutoff devices

**Version:** July 30, 2020

**Urgency:** No

**Hearing Date:** August 13, 2020

**Policy Vote:** HOUSING 11 - 0

**Mandate:** No

**Consultant:** Mark McKenzie

**Bill Summary:** AB 1923 would require the Department of Housing and Community Development (HCD) to consider whether to propose for adoption to the California Building Standards Commission (BSC) the requirement that seismic gas shutoff devices be installed in newly constructed residential buildings.

#### **Fiscal Impact:**

- HCD estimates a one-time cost of approximately \$200,000 to hire a consultant specializing in seismic safety to determine whether issues raised with seismic shutoff valves in a specified 2005 study have been adequately addressed. (Building Standards Administration Special Revolving Fund or General Fund)
- HCD estimates one-time costs of approximately \$432,000 over two years (\$221,000 in year one and \$211,000 in year two) in staff time to research, develop, and propose a building standard for adoption by the BSC, to the extent HCD determines it is appropriate to propose for adoption the specified building standard. (Building Standards Administration Special Revolving Fund)
- Minor and absorbable costs for the State Fire Marshal and the Office of the State Architect to consult with HCD as the department considers whether to propose a building standard for adoption. (General Fund)
- Minor and absorbable costs for the BSC to consider and adopt a proposed building standard for seismic gas shutoff devices into the Building Standards Code. (Building Standards Administration Special Revolving Fund)

**Background:** Existing law, the California Building Standards Law, authorizes the BSC to approve and adopt building standards through a triennial rulemaking process to revise and update the California Building Standards Code. There are approximately twenty state agencies that develop building standards for submittal to the BSC for review, approval, and adoption. HCD is responsible for proposing building standards to the BSC for residential buildings including, hotels, motels, lodging houses, apartment houses, dwellings, buildings and structures. In the absence of a designated state agency, the BSC is required to adopt specific building standards, as prescribed. Building standards take effect 180 days after they are published, unless a different date is specified. The most recent update to the Building Standards Code, the 2019 Triennial Edition, went into effect on January 1, 2020.

Existing law requires the State Architect to establish a process for certification of gas shutoff devices that meet functional standards established in law and all applicable state

building codes adopted by the Building Standards Commission. A manufacturer must obtain state certification before being allowed to sell the product in California. A seismic gas shutoff device is a specialized valve, attached to a gas meter, which automatically closes in the event of an earthquake of sufficient magnitude, thereby cutting off gas from flowing through the line into the residence. There are three types of gas shutoff devices: manual shutoff valves, earthquake-sensitive automatic shutoff devices, and excess flow automatic gas shutoff devices. The DSA certifies, for residential structures, the latter two types of devices, which are installed manually by the owner; manual shutoff devices are installed by utility companies. The DSA certification covers only the device; installation falls under the purview of local building departments.

**Proposed Law:** AB 1923 would require HCD to consider whether to propose for adoption to the BSC the requirement that seismic gas shutoff devices be installed in newly constructed residential buildings. Specifically, this bill would:

- Require HCD, in consultation with the Office of the State Architect, the State Fire Marshal, gas companies, and other interested parties, to consider whether to propose for adoption by the BSC the requirement that seismic gas shutoff devices be installed in newly constructed residential dwelling units, hotels, motels and lodging houses.
- Require HCD to contract with a third-party consultant to review the findings of a specified 2005 report to determine if the issues raised in the study have been adequately addressed.
- Require any appropriate building standards proposed by HCD to be considered by the BSC in a regular code adoption cycle that takes place after January 1, 2022.
- Prohibit HCD from proposing building standards that would require installation of a device on an existing building as a condition of real property conveyance.
- Require HCD, if it decides not to propose building standards, to explain its reasons for the decision in writing, as specified.
- Authorize HCD to expend funds from the Building Standards Administration Special Revolving Fund, upon appropriation, in researching, developing, and proposing mandatory or voluntary building standards pursuant to the bill.

**Related Legislation:** SB 1992 (Perata), Chap. 1051/2002, which was similar to this bill, required HCD to consider whether or not to propose for adoption and approval by BSC the requirement that seismic gas shutoff devices or excess flow gas shutoff devices be installed in all or a portion of residential buildings. If HCD decided not to propose those requirements to the BSC, the department was required to explain in writing the reasons for the decision. This provision resulted in the 2005 HCD report that concluded there was insufficient evidence at that time to support a statewide requirement for the installation of seismic gas shutoff devices and/or excess flow gas shutoff valves.

**Staff Comments:** HCD indicates that it would require 1.0 PY of staff for a two-year limited term to develop and propose building standards for adoption by the BSC that would require the installation of seismic gas shutoff devices in newly constructed residential structures. The estimate assumes a six-month internal process for the development of the building standard, and an 18-month process to coordinate with the BSC through final adoption in a future Triennial Code Adoption Cycle.

AB 1923 explicitly authorizes HCD to expend funds from the Building Standards Administration Special Revolving Fund, upon appropriation by the Legislature, in researching, developing, and proposing building standards under this section. Staff notes that the 2020-21 Budget Act includes a provision that transferred \$7.4 million as a loan to the General Fund, leaving a remaining fund balance of about \$1.8 million after accounting for State Operations expenditures from the Fund. The revenues deposited into the Fund are from fees charged on local building permits, which have historically resulted in revenues of approximately \$3.1 million annually in recent years (roughly the equivalent of current year expenditures). The economic downturn as a result of the COVID-19 pandemic is likely to have a negative impact on these revenues in the near term, which would result in a declining fund balance. AB 1923's expenditure of revenues from this Fund to cover the costs of this bill would exacerbate the declining balance as well.

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