

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 647 Community Association Fire and Life Safety Systems

SPONSOR(S): Grieco; Rommel and others

TIED BILLS: **IDEN./SIM. BILLS:**

| REFERENCE | ACTION | ANALYST | STAFF DIRECTOR or BUDGET/POLICY CHIEF |
|--|-----------|----------|--|
| 1) Business & Professions Subcommittee | 8 Y, 7 N | Brackett | Anstead |
| 2) Government Operations & Technology Appropriations Subcommittee | 10 Y, 0 N | Helpling | Topp |
| 3) Commerce Committee | 19 Y, 1 N | Brackett | Hamon |

SUMMARY ANALYSIS

The Division of Florida Condominiums, Timeshares, and Mobile Homes (Division), located within the Department of Business and Professional Regulation, has regulatory authority over condominium and cooperative associations.

Florida's fire prevention and control law, ch. 633, F.S., designates the state's Chief Financial Officer as the State Fire Marshal, and requires the State Fire Marshal to adopt the Florida Fire Prevention Code (Fire Code) by rule every three years. The Fire Code sets forth fire safety standards (including certain national codes) for property, and is enforced by local fire officials within each county, municipality, and special fire districts in the state.

The Fire Code requires existing multi-family buildings 75 feet or taller to be retrofitted with a fire sprinkler system or an engineered life safety system (ELSS). However, local governments may not require a residential condominium or cooperative association to retrofit a building before January 1, 2020.

Currently, residential condominium and cooperative associations may vote to waive the requirement to retrofit a building with a fire sprinkler system by a majority vote of the total voting interests.

The bill:

- Provides that in addition to being able to waive the requirement to retrofit a building with a fire sprinkler system, an association may also vote to waive the requirement to retrofit a building with an ELSS;
- Delays the start date that local governments may require an association to retrofit from 2020 to 2023;
- Requires associations to post signs on buildings that do not retrofit;
- Allows professional engineers to issue certificates of compliance;
- Increases the voting percentage necessary to forego retrofitting from a majority vote of the total voting interests to a two-thirds vote of the total voting interests;
- Extends deadlines for associations to apply for a building permit to retrofit;
- Authorizes electronic voting to forego retrofitting;
- Removes the requirement that a vote to retrofit may only be called once every three years if there has been a previous vote to forego retrofitting; and
- Provides that the voting percentage necessary to retrofit if there has been a previous vote to forego retrofitting is two-thirds of all voting interests.

The bill is not expected to have a fiscal impact on state or local government.

The effective date of the bill is July 1, 2019.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Present Situation

The Division of Condominiums, Timeshares and Mobile Homes (the Division), a division within the Department of Business and Professional Regulation (DBPR), provides consumer protection for Florida residents living in regulated communities through education, complaint resolution, mediation and arbitration, and developer disclosure. The Division has regulatory authority over the following business entities and individuals:

- Condominium Associations;
- Cooperative Associations;
- Florida Mobile Home Parks and related associations;
- Vacation Units and Timeshares;
- Yacht and Ship Brokers and related business entities; and
- Homeowners' Associations (limited to arbitration of election and recall disputes).

A condominium is a form of ownership of real property created pursuant to ch. 718, F.S., comprised of units which may be owned by one or more persons but have an undivided share of access to common facilities. A condominium is created by recording a declaration of condominium in the public records of the county in which the condominium will be located. A declaration governs the relationships among condominium unit owners and the condominium association.

All unit owners are members of the condominium association, an entity responsible for the operation of the common elements owned by the unit owners, which operates or maintains real property in which unit owners have use rights. The condominium association is overseen by an elected board of directors, commonly referred to as a "board of administration." The association enacts condominium association bylaws, which govern the administration of the association, including quorum, voting rights, and election and removal of board members.¹

A cooperative is a form of property ownership created pursuant to ch. 719, F.S. The real property is owned by the cooperative association, and individual units are leased to the residents who own shares in the cooperative association.² The lease payment amount is the pro-rata share of the operational expenses of the cooperative. Cooperatives operate similarly to condominiums and the laws regulating cooperatives are in many instances nearly identical.

State Fire Prevention – State Fire Marshal

Florida's fire prevention and control law, ch. 633, F.S., designates the state's Chief Financial Officer as the State Fire Marshal. The State Fire Marshal, through the Division of State Fire Marshal within the Department of Financial Services (DFS), is charged with enforcing the provisions of ch. 633, F.S., and all other applicable laws relating to fire safety, and has the responsibility to minimize the loss of life and property in this state due to fire.³

¹ Ss. 718.103(11) & 718.104(2), F.S.

² S. 719.103(2), (26), F.S.

³ S. 633.104, F.S.

Adoption and Interpretation of the Florida Fire Prevention Code

The State Fire Marshal also adopts, by rule, the Florida Fire Prevention Code (Fire Code), which contains all fire safety laws and rules that pertain to the design, construction, erection, alteration, modification, repair, and demolition of public and private buildings, structures, and facilities, and the enforcement of such fire safety laws and rules, at ch. 69A-60, F.A.C.

The State Fire Marshal adopts a new edition of the Fire Code every three years. The most recent Fire Code is the 6th edition, which is referred to as the 2017 Florida Fire Prevention Code. When adopting the Fire Code the Fire Marshal is required to adopt the most current version of the national fire and life safety standards set forth by the National Fire Protection Association including the:

- The National Fire Protection Association (NFPA) Fire Code 1;
- Life Safety Code 101; and
- Guide on Alternative Approaches to Life Safety 101A.⁴

The State Fire Marshal may modify the national fire safety and life safety standards as needed to accommodate the specific needs of the state. The State Marshal has authority to interpret the Code, and is the only authority that may issue a declaratory statement relating to the Fire Code.⁵

Fire Safety Enforcement by the State Fire Marshal

The State Fire Marshal may issue a cease and desist, preclude occupancy of a building or structure, or order that a building or structure be vacated if DFS determines a person violated one of the following provisions:

- Violated any provision of Florida's fire and prevention control law, ch. 633, F.S., or the Fire Code, which is not adequately addressed by an alternative requirement;
- Has an unreasonable interpretation of the Florida Fire Prevention Code, which clearly constitutes a danger to life safety;
- Has a building or structure which is dilapidated and creates a danger to life, safety, or property; or
- Has a building or structure that contains explosive matter or flammable liquids or gases constituting a danger to life, safety, or property.⁶

If a fire safety inspector determines a person violated one of the above provisions during a fire safety inspection, the State Fire Marshal may order that that the building be vacated immediately.⁷

Fire Safety Enforcement by Local Governments

Current law requires all municipalities, counties, and special districts with fire safety responsibilities to enforce the Fire Code as the minimum fire prevention code to operate uniformly among local governments and in conjunction with the Florida Building Code. These local enforcing authorities may adopt more stringent fire safety standards, subject to certain requirements in s. 633.208, F.S., but may not enact fire safety ordinances that conflict with ch. 633, F.S., or any other state law.⁸

The chiefs of local government fire service providers (or their designees) are authorized to enforce ch. 633, F.S., and rules within their respective jurisdictions as agents of those jurisdictions, not agents of the State Fire Marshal. Each county, municipality, and special district with fire safety enforcement

⁴ S. 633.202, F.S.; Founded in 1896, the National Fire Protection Association delivers information and knowledge through more than 300 consensus codes and standards, research, training, education, outreach and advocacy; and by partnering with others who share an interest in furthering the mission. NFPA, *About NFPA*, <http://www.nfpa.org/about-nfpa> (last visited on Feb. 22, 2019).

⁵ Ss. 633.104(6) & 633.202, F.S.

⁶ S. 633.228, F.S.

⁷ *Id.*

⁸ Ss. 633.108, 633.208, & 633.214(4), F.S.

responsibilities is also required to employ or contract with a fire safety inspector (certified by the State Fire Marshal) to conduct all fire safety inspections required by law.⁹

A local government may issue a civil penalty not to exceed \$500 to any person who violates an ordinance relating to the Fire Code. However, a local government may only issue a civil penalty if the local government has already given the person a written warning and at least a period of 45 days to correct the problem.¹⁰

However, Section 633.208(5), F.S., states “With regard to existing buildings, the Legislature recognizes that it is not always practical to apply any or all of the provisions of the Fire Code and that physical limitations may require disproportionate effort or expense with little increase in fire or life safety.” Pursuant to s. 633.208(5), F.S., local fire officials shall apply the Fire Code for existing buildings to the extent practical to ensure a reasonable degree of life safety and safety of property. The local fire officials are also required to fashion reasonable alternatives that afford an equivalent degree of life safety and safety of property.

Fire Sprinklers and Engineered Life Safety Systems

The Fire Code requires existing multi-family buildings 75 feet or taller (approximately seven stories), including condominiums and cooperatives, to be retrofitted with fire sprinkler systems.¹¹ All condominiums and cooperatives built since 1994 that are three stories or more have sprinkler systems and thus are in compliance.¹²

According to DFS, the height requirement to retrofit a building is 75 feet because the majority of fire apparatuses are not capable of reaching a height greater than 75 feet.¹³

The Fire Code allows a building to have an engineered life safety system (ELSS) as an alternative to a sprinkler system. The Fire Code defines an ELSS as a system that consists of a combination of:

- partial automatic sprinkler protection;
- smoke detection alarms;
- smoke control; and
- compartmentation or other approved systems.¹⁴

The Fire Code also does not require existing multi-family buildings 75 feet or taller to retrofit if every dwelling unit in the building has an exterior exit access.¹⁵

For condominium and cooperative associations that complete retrofitting, a certificate of compliance from a licensed electrical contractor or electrician may be accepted as evidence of compliance of the units with the Fire Code.¹⁶

History of Retrofitting

In 2000, the State Fire Marshal adopted the national fire and life safety standards set forth by the NFPA into the Fire Code. This required existing multi-family buildings 75 feet or taller including condominiums and cooperatives, to be retrofitted with fire sprinkler systems.

⁹ Ss. 633.118 & 633.216(1), F.S.

¹⁰ Ss. 162.21, & 633.214, F.S.

¹¹ Department of Financial Services, Agency Analysis of 2019 House Bill 647, p. 1 (March 4, 2019); Section 13.3.2.26 of the 6th edition of the Florida Fire Prevention Code (NFPA 1, Fire Code).

¹² S. 553.895(2), F.S.

¹³ Email from Meredith Stanfield, Director of Legislative Affairs, Department of Financial Services, RE: HB 647 (Mar. 4, 2019).

¹⁴ 101:31.3.5.12.3 & 101: 31.3.5.12.4 of the 6th edition of the Florida Fire Prevention Code 6th edition (NFPA 101, Life Safety Code).

¹⁵ 101:31.3.5.12.2 of the 6th edition of the Florida Fire Prevention Code 6th edition (NFPA 101, Life Safety Code).

¹⁶ Ss. 718.112(2)(1), & 719.1055(5), F.S.

In 2003, the Legislature amended the requirement to retrofit a residential condominium or cooperative building by providing that:

- Unit owners in residential condominium and cooperative associations may vote to forego retrofitting a building with a fire sprinkler system or an ELSS. A vote to forego retrofitting required a two-thirds vote of all voting interests in the affected association.
- Local governments may not require an association to retrofit before the end of 2014.
- However, associations could not vote to forego retrofitting a sprinkler system in any “common area” of a “high rise” building.
 - The common area of a high-rise building includes any enclosed hallway, corridor, lobby, stairwell, or entryway.
 - A high-rise building is defined as a building greater than 75 feet in height. The building height is measured from the lowest level of fire department access to the floor of the highest occupiable story.¹⁷

In 2006, Governor Bush vetoed House Bill 391 of the 2006 Legislative Session, which included a provision that extended the start date that local governments could require associations to retrofit from 2014 to 2025.

In 2009, Governor Crist vetoed Senate Bill 714 of the 2009 Legislative Session, which included a provision that extended the start date that local governments could require associations to retrofit from 2014 to 2025. Governor Crist, also directed DBPR to initiate a review of the costs to retrofit and the impacts retrofitting may have on insurance premiums.¹⁸

In October 2009, DBPR completed their report. DBPR’s report estimated that retrofitting a condominium with sprinklers would cost from \$595 to \$8,633 per unit. The costs vary depending on a number of factors such as the extent of sprinkler coverage in the building, the age of the building, the size and number of the units, and type of construction.¹⁹ According to an article by the Community Associations Institute, the head of the NFPA’s Building and Life Safety Codes Division stated that the cost to retrofit a building with a fire sprinkler system can be anywhere from \$6 to \$8 per square foot.²⁰ According to DBPR, they have received 19 certificates from associations stating they completed retrofitting since 2004. Five of those certificates included the cost to complete retrofitting, which ranged from \$908 per unit to \$3,291 per unit, with an average of \$2,196 per unit.²¹

DBPR’s report also stated an association could expect to receive a 5% discount on the “all other perils” portion of their property and casualty insurance policy. In 2009, DBPR stated that “many associations have foregone retrofits because they are cash strapped in the current economy. With many units sitting empty or in foreclosure and not paying assessments, some condominiums are scraping by just paying their normal expenses.”²²

Additionally, current law requires that insurers give a premium discount for a fire insurance policy to condominiums and cooperative associations that complete retrofitting with a fire sprinkler system. The discount must provide a lower premium than a premium for a building that does not have a fire sprinkler system.²³

¹⁷ Ss. 718.112(2)(1) & 719.1055(5) (2003), F.S.

¹⁸ Letter from Charlie Crist, Governor of the state of Fla., to Kurt S. Browning, Sec’y of State (June 1, 2009), http://www.butler.legal/files/2009_sb714.pdf (last visited Feb. 28, 2019).

¹⁹ Department of Business & Professional Regulation, Condominium Sprinkler Retrofit Report, October 2009

²⁰ Dana Wilkie, *Rise and Fire*, Community Associations Institute, March 2018

https://www.caionline.org/CommonGround/Documents/RiseAndFire_CGMA18.pdf (last visited Apr. 18, 2019).

²¹ Email from Conner Mann, Legislative Affairs Coordinator, Department of Business & Professional Regulation, Retrofitting (Mar. 1, 2019).

²² Department of Business & Professional Regulation, *supra* note 15.

²³ S. 627.0654, F.S.

In 2010, the Legislature amended the law regarding retrofitting by:

- Providing that unit owners may vote to forego retrofitting a sprinkler system in common areas of a high-rise building.
- Reducing the voting requirement to forego retrofitting a sprinkler system from a two-thirds vote to a majority vote.
- Removing the ability of residential condominium or cooperative associations to vote to forego retrofitting an ELSS.
- Prohibiting local governments from requiring retrofitting before January 1, 2020.²⁴

In 2017, Governor Scott vetoed House Bill 653 of the 2017 Legislative Session, which included similar language to this bill, including the following:

- Provided that in addition to being able to forego retrofitting a building with a fire sprinkler system, associations may also vote to forego retrofitting a building with an ELSS.
- Provided that a vote to forego retrofitting required a two-thirds vote of all voting interests.
- Extended the time that local governments may not require associations to retrofit.
- Extended the time an association has to apply for a building permit, if it has not completed retrofitting or voted to forego retrofitting.
- Required a board that operates a building that has not installed a sprinkler system in the common areas to post a sign on the outside of the building to warn persons conducting fire control and other emergency operations that there is not a sprinkler system in the building;
- Required the State Fire Marshal to promulgate rules regarding the size and color of the sign, the time period within which a sign must be posted, and the location of the sign. However, the rules may not require an association to post a sign that diminishes the aesthetic value of a building.

Governor Scott stated his reasons for vetoing were:

“Fire sprinklers and enhanced life safety systems are particularly effective in improving the safety of occupants in high-rise buildings and ensure the greatest protection to the emergency responders who bravely conduct firefighting and rescue operations. While I am particularly sensitive to regulations that increase the cost of living, the recent London high-rise fire, which tragically took at least 79 lives, illustrates the importance of life safety protections.”²⁵

Current Law on Retrofitting

Current law provides that:

- An association or unit owner is not required to retrofit common elements, association property, or units of a residential condominium with a sprinkler system in a building if:
 - The building has been certified for occupancy by the applicable government entity; and
 - The unit owners vote to forego retrofitting by a majority vote of all voting interests.
- Current law only applies to fire sprinkler systems. An association may not vote to forego retrofitting a building with an ELSS.
- Local governments may not require an association to retrofit a fire sprinkler system before January 1, 2020.
- An association that has not retrofitted with a sprinkler system or an ELSS, and has not voted to waive retrofitting must initiate an application for a building permit with the local government to begin retrofitting.
- Current law only applies to residential condominiums. Nonresidential condominiums may not vote to forego any retrofitting requirements.

²⁴ Ss. 718.112(2)(1), & 719.1055(5), F.S.

²⁵ Letter from Rick Scott, Governor of the state of Fla., to Ken Detzner, Sec’y of State (June 26, 2017), <https://www.flgov.com/wp-content/uploads/2017/06/HB-653-Veto-Letter.pdf> (last visited Feb. 26, 2019).

- Residential condominiums consist of two or more units, any of which are intended for use as a private temporary or permanent residence. A condominium that contains commercial and residential units is a mixed-use condominium. Residential cooperatives consist of units, which are intended for use as a private residence. If a cooperative has commercial and residential units then the cooperative is a residential cooperative with respect to those units intended for use as a private residence.²⁶

Current law does not specify whether an association has to retrofit or vote to forego retrofitting for a building that is 75 feet or less in height. According to DFS, this has led to numerous interpretations regarding whether an association must retrofit or vote to forego retrofitting a building that is 75 feet or less in height.²⁷

Vote to Forego Retrofitting

A vote to forego retrofitting may be obtained by limited proxy, a personally cast ballot at a membership meeting, or by execution of a written consent by the member. An association's vote to forego retrofitting is effective upon recording a certificate attesting to such vote in the public records for the county of the association.²⁸

An association must mail or hand deliver each unit owner written notice of the vote. After the vote to forego, notice of the results must be mailed or hand delivered to all unit owners. After notice is provided to each owner, a copy must be provided by the current owner to a new owner before closing, and by a unit owner to a renter before signing a lease.²⁹

If there has been a previous vote to forego retrofitting, then a vote to require retrofitting may be held at a special meeting of the unit owners called by a petition of least 10 percent of the voting interests. Such vote may be called once every 3 years. Electronic transmission may not be used to provide notice of the special meeting.³⁰

As part of the annual information collected from associations, the Division requires associations to report a membership vote to forego retrofitting, record a certificate if an association voted to forego, and, if retrofitting has been undertaken, report the per-unit cost of such work. The Division must annually report to the State Fire Marshal the number of associations that have elected to forego retrofitting.³¹ According to the Division, they received 4,329 certificates to forego retrofitting since 2004. The Division also received 19 certificates stating retrofitting had been completed. Five of those certificates included the cost to complete retrofitting, which ranged from \$908 per unit to \$3,291 per unit with an average of \$2,196 per unit.³²

Fire Safety Signs on Buildings

In 2008, the Legislature passed the Aldridge/Benge Firefighter Safety Act. The Firefighter Safety Act required any building constructed of light-frame truss-type material to be marked by a sign on the outside of the building. These signs served to warn emergency personnel of the construction material of the building when entering, as truss-type construction tends to suffer structural collapses during fires. The Firefighter Safety Act requires the State Fire Marshal to create rules regarding the color, size, and placement of these signs on all buildings with light-frame truss-type construction. The State Fire

²⁶ Ss. 718.112(2)(1), 719.103(22)-(23), & 719.1055(5), F.S.

²⁷ See Department of Financial Services, Agency Analysis of 2018 House Bill 1061, p. 1 (Jan. 17, 2018).

²⁸ Ss. 718.112(2)(1), & 719.1055(5), F.S.

²⁹ *Id.*

³⁰ *Id.*

³¹ *Id.*

³² Email from Conner Mann, *supra* note 17.

Marshal and local fire officials are responsible for the enforcement of these rules. Owners who do not follow these rules are subject to penalties pursuant to the Fire Code.³³

Fire Safety Requirements for Timeshares

Pursuant to s. 721.24, F.S., timeshare facilities are required to install a fire sprinkler system for buildings let after September 30, 1983 and are:

- Three stories or more with interior corridors, which do not have direct access from the timeshare unit to an exterior means of egress; or
- Over 75 feet high that have direct access from the timeshare unit to an exterior means of egress.

Timeshare facilities are required to do the following for buildings let before October 1, 1983:

- Install a fire sprinkler system; or
- Install a fire sprinkler for the interior corridors, public areas, storage rooms, closets, kitchen areas, and laundry rooms if:
 - There is a minimum 1-hour separation between each timeshare unit and between each timeshare unit and a corridor;
 - The building is constructed of noncombustible materials;
 - The means of egress meet the requirements of the NFPA Life Safety Code; and
 - The building has a complete automatic fire detection system.³⁴

Effect of the Bill

Engineered Life Safety System and Fire Sprinkler Retrofitting

The bill:

- Provides that in addition to being able to vote to forego retrofitting a building with a fire sprinkler system, an association may also vote to forego retrofitting a building with an ELSS.
- Provides that a vote to forego retrofitting requires a two-thirds vote of all voting interests.
- Provides that if an association holds a vote to retrofit after the association had an affirmative vote to forego retrofitting, the vote to retrofit requires a two-thirds vote of all voting interests.
- Provides that associations do not have to retrofit buildings that are 75 feet or less in height, and therefore, do not have vote to forego retrofitting.
- Prohibits a local authority from requiring retrofitting of a fire sprinkler system or an ELSS until on or after January 1, 2023.
- Extends the time an association has to apply for a building permit, if it has not completed retrofitting or voted to forego retrofitting, from December 31, 2016, to December 31, 2019.
- Provides that timeshare condominiums are subject to the fire safety standards contained in s. 721.24, F.S., which currently provide fire safety requirements for timeshares, not the condominium fire safety standards contained in ch. 718, F.S.
- Allows a professional engineer, in addition to an electrical contractor or electrician, to provide a certificate of compliance. Professional engineers must be certified by the Board of Professional Engineers.³⁵

Vote to Forego Retrofitting

The bill:

- Adds electronic voting as a means to vote to forego retrofitting.

³³ S. 633.222(1)-(3), citing to s. 633.228, F.S.

³⁴ S. 721.24, F.S.

³⁵ S. 471.005(5), F.S.

- Removes the requirement that notice of a vote to forego retrofitting and such results be hand delivered or mailed and instead requires that a notice of a vote to forego retrofitting shall be delivered or mailed to each unit owner.
- Clarifies that failure to timely notice unit owners of the results of a vote to forego retrofitting does not invalidate the results of the vote as long as notice of the results is provided to the unit owners.
- Provides that a majority of the board may hold a special owners meeting to vote to retrofit even if there has already been a vote to forego retrofitting.
- Removes the provision that prohibits electronic transmission of notices for special meetings.
- Repeals the provision that limits a vote to require retrofitting to once every three years if there has already been a previous vote to forego retrofitting.
- Provides that failure to notify the Division of a vote to forego retrofitting and failing to record the certificate with the Division will not affect the validity of the vote to forego.

Fire Safety Signs on Buildings

The bill:

- Requires the board of a condominium or cooperative that operates a building that is three stories or more and has not installed a fire sprinkler system in the common areas to post a sign on the outside of the building to warn persons conducting fire control and other emergency operations that there is not a fire sprinkler system in the building; and
- Requires the State Fire Marshal to promulgate rules regarding the size and color of the sign, the time-period within which a sign must be posted, and the location of the sign. However, the rules may not require an association to post a sign that diminishes the aesthetic appearance of a building. The State Fire Marshal and local fire officials are in charge of enforcement of the law and rules. Associations who fail to comply with the requirements are subject to penalties pursuant to the Fire Code.

B. SECTION DIRECTORY:

- Section 1.** Creating s. 633.2225, F.S., requiring signs for certain condominium and cooperative buildings, requiring the State Fire Marshal to adopt rules governing such signs.
- Section 2.** Amending s. 718.112, F.S., revising requirements to retrofit a condominium building.
- Section 3.** Amending s. 719.1055, F.S., revising requirements to retrofit a cooperative building.
- Section 4.** Providing an effective date.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:
None.
2. Expenditures:
None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:
None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Unknown. The bill may have an initial positive economic impact on some condominium and cooperative owners while having a negative economic impact on others. Some associations may vote to forego the sprinkler system or ELSS requirements and, therefore, will not incur the expense of the installation of such systems. While other associations may not decide to waive the requirements and, instead, decide to install such systems. The cost of installation of such systems may be offset by a reduction in property insurance rates based on the insurance company's consideration of the installation of a life safety system in setting their rates. Any positive economic impact based on voting to forego the installation of a life safety system could be offset by the negative economic impact and loss of life that could occur if a fire breaks out and life safety systems are not in place.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable. This bill does not appear to require counties or municipalities to take an action requiring the expenditure of funds, reduce the authority that counties or municipalities have to raise revenue in the aggregate, nor reduce the percentage of state tax shared with counties or municipalities.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

The bill authorizes rulemaking by the State Fire Marshal relating to signage for condominium and cooperative buildings without a sprinkler system in common areas.

C. DRAFTING ISSUES OR OTHER COMMENTS:

According to the Department of Financial Services, in 2017, there were three significant fires in high-rise residential units related to issues raised in the bill. On June 14, 2017, a fire broke out in a residential unit on the 24th story of Grenfell Tower in London, England, killing seventy (70) people. The building did not have fire sprinklers. On July 14, 2017, three (3) people died in a fire in a thirty-six (36) story Honolulu apartment complex (Marco Polo), which did not have fire sprinklers. The complex was built in 1971, before fire sprinklers were required and had not been retrofitted. On December 7, 2017, an eighty-six (86)-year old woman died from a fire on the seventeenth (17th) floor of a twenty-five (25) story apartment complex in Sunny Isles, Florida. The complex did not have fire sprinklers. DFS recommends that "the events and conditions surrounding these tragic fire deaths should most certainly be examined when reviewing this legislation."³⁶

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES

³⁶ Department of Financial Services, Agency Analysis of 2019 House Bill 647, p. 4 (March 4, 2019)
STORAGE NAME: h0647e.COM
DATE: 4/18/2019