

BUILDING DIVISION - POLICIES AND PROCEDURES

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BUILDING PERMIT VALUATION

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ISSUE: How are Building Permit Valuations determined?

ANALYSIS: Building permit and plan check fees are collected by the City to cover the cost for related services, administration, and overhead. Various methods for arriving at an equitable and just fee structure exist. The City has chosen to use the total valuation method as prescribed in the International Building Code.

Section 109.3 of the 2021 International Building Code as amended states that “Permit valuations shall include the total value of work, including materials and labor, for which a permit issued, such as electrical, gas, mechanical, plumbing equipment and permanent systems. **Valuation must include the contractor’s profit which should not be overlooked.** If, in the opinion of the building official, the valuation is underestimated on the application, the permit shall be denied, unless the applicant can show detailed estimates to meet the approval of the building official. Final building permit valuation shall be set by the building official.

The valuation submitted is also used to collect the required 3% City Use Tax on construction materials (1.5% of total valuation when a material breakdown is not provided).

Because of the need to equitably and accurately collect the prescribed fees and taxes, it is important that all valuations between various buildings and projects represent equivalent and true cost. The applicant is more keenly aware of the true cost associated with a particular project and is in the best position to accurately determine this cost. However, there is the potential for understating the true cost of a project in order to avoid paying all the required fees and taxes. For this reason it is the responsibility of the Building Official / Plans Examiner to verify the submitted cost, and when appropriate, modify them so as to reflect a more accurate and true value.

POLICY: It shall be the responsibility of the applicant to provide the total valuation for a project. This number shall reflect the total valuation of the project, but not limited to labor, material, profit and overhead. When labor and profit are unknown, the material cost shall be doubled to arrive to a total valuation. It is the responsibility of the Building Official/Plans Examiner to verify this valuation. He/she may modify the value provided to more accurately reflect the true value of the project. The applicant may appeal this adjusted valuation by submitting documentation justifying a revision.
