

## REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

815 KAR 15:026

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(1) Provide a brief summary of:

(a) What this administrative regulation does: This administrative regulation establishes the requirements for safe maintenance of boilers and pressure vessels.

(b) The necessity of this administrative regulation: This administrative regulation is necessary to establish the requirements for existing boilers and pressure vessels and the inspection process that ensures the safety of the boilers and pressure vessels.

(c) How this administrative regulation conforms to the content of the authorizing statutes: KRS 236.030 requires the commissioner to promulgate administrative regulations that establish standards for the safe construction, installation, inspection, and repair of boilers, pressure vessels, and associated pressure piping. KRS 236.040 requires all boiler and pressure vessels to conform to the rules and regulations formulated by the commissioner, and establishes the standards for pressure piping and pressure vessels for human occupancy. KRS 236.110 establishes the inspection requirements for boilers, pressure vessels, and pressure piping.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes: This administrative regulation establishes the standards for boilers and pressure vessels, the requirements for the maintenance of existing boilers and existing pressure vessels, and the administrative regulation establishes when and how existing boilers and existing pressure vessels must be inspected.

(2) If this is an amendment to an existing administrative regulation, provide a brief summary of:

(a) How the amendment will change this existing administrative regulation: This amendment changes inspection frequencies as follows:

1. Pressure vessels exceeding 200 psi MAWP shall be inspected every four years, rather than every five years as per the current inspection schedule.
2. Pressure vessels for human occupancy and hyperbaric chambers shall be inspected every four years, rather than every two years as per the current inspection schedule.
3. Deareators shall be inspected every six years, rather than every ten years as per the current inspection schedule.
4. Liquid carbon dioxide vessels shall be inspected every three years, rather than every five years as per the current inspection schedule.
5. Pressure vessels with a MAWP of 200 psi or less shall be inspected every ten years, rather than just once as per the current inspection schedule.

This amendment also adds a requirement for a chimney inspection and implemented inspection requirements for certain classes of pressure vessels, which had not been inspected after installation. Grammatical and technical edits were also made.

(b) The necessity of the amendment to this administrative regulation: The amendment was necessary to change inspection frequencies. Specifically, certain inspection frequencies are increased, in order to ensure public safety. The chimney inspection requirement is another change meant to increase public safety. Kentucky has recently incurred several carbon monoxide fatalities,

which necessitated a greater focus on carbon monoxide detection and prevention.

(c) How the amendment conforms to the content of the authorizing statutes: This amendment establishes the standards of existing boilers and existing pressure vessels and establishes the inspection requirements for boilers and pressure vessels.

(d) How the amendment will assist in the effective administration of the statutes: This amendment updates the standards for boilers and pressure vessels and reorganizes and edits the administrative regulation.

(3) Does this administrative regulation or amendment implement legislation from the previous five years? No.

(4) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation: All individuals engaged in the boiler and pressure vessel industry, building owners, and Department of Housing, Buildings and Construction personnel.

(5) Provide an analysis of how the entities identified in question (4) will be impacted by either the implementation of this administrative regulation, if new, or by the change, if it is an amendment, including:

- (a) List the actions that each of the regulated entities identified in question (4) will have to take to comply with this administrative regulation or amendment: Power boiler operators must have a chimney inspection every two years. Operators of heating boilers must have a chimney inspection every four years. The purpose of this inspection is to attempt to prevent conditions that can lead to carbon monoxide build-up. There are recurring inspections for some classes of pressure vessels that previously were never inspected after installation. Therefore, the owners of these vessels shall submit to more inspections.
- (b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (4): Chimney inspections cost approximately \$300. Therefore, each of the entities identified in Question 3 may incur an approximately \$300 charge per every two to four years, depending on whether they operate a power boiler or a heating boiler, respectively.
- (c) As a result of compliance, what benefits will accrue to the entities identified in question (4): Primarily, building occupants and those who maintain and operate boilers will benefit from increased safety, particularly as it relates to the health hazard of carbon monoxide exposure.

(6) Provide an estimate of how much it will cost the administrative body to implement this administrative regulation:

- (a) Initially: There are no anticipated initial costs to administer this regulatory amendment.
- (b) On a continuing basis: There are no anticipated continuing costs to administer this regulatory amendment.

(7) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation: Any department costs of implementation will be met with existing department funds.

(8) Provide an assessment of whether an increase in fees or funding will be necessary to implement this administrative regulation, if new, or by the change if it is an amendment: This amendment will not necessitate an increase in fees or require funding from the department for implementation.

(9) State whether or not this administrative regulation establishes any fees or directly or indirectly increases any fees: There are no fees increased by this amendment.

(10) TIERING: Is tiering applied? Tiering is not applied as all individuals in the boiler and pressure vessel industry and department personnel are affected by this amendment.

## FISCAL IMPACT STATEMENT

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- (1) Identify each state statute, federal statute, or federal regulation that requires or authorizes the action taken by the administrative regulation. This regulation is authorized and required by KRS 236.030, 236.040, 236.110, 236.120, and 236.240.
  
- (2) State whether this administrative regulation is expressly authorized by an act of the General Assembly, and if so, identify the act: This regulation is required by KRS 236.030, 236.040, and 236.110
  
- (3)(a) Identify the promulgating agency and any other affected state units, parts, or divisions: The Department of Housing, Buildings and Construction, Division of Plumbing, Boiler Inspection Section.
  
- (b) Estimate the following for each affected state unit, part, or division identified in (3)(a):
  1. Expenditures:
    - For the first year: None
    - For subsequent years: None
  2. Revenues:
    - For the first year: None
    - For subsequent years: None
  3. Cost Savings:
    - For the first year: None
    - For subsequent years: None
  
- (4)(a) Identify affected local entities (for example: cities, counties, fire departments, school districts): There are no anticipated local entities that will be affected by this regulatory amendment.
  
- (b) Estimate the following for each affected state unit, part, or division identified in (4)(a):
  1. Expenditures:
    - For the first year: None
    - For subsequent years: None
  2. Revenues:
    - For the first year: None
    - For subsequent years: None
  3. Cost Savings:
    - For the first year: None
    - For subsequent years: None
  
- (5)(a) Identify any affected regulated entities not listed in questions (3)(a) or (4)(a): Individuals engaged in the boiler and pressure vessel industry, building owners.

(b) Estimate the following for each regulated entity identified in (5)(a):

1. Expenditures:

For the first year: Owners of power boilers and heating boilers will incur the cost of a chimney inspection every two or four years, estimated at around \$300 for an inspection. Owners of certain pressure vessels will incur the cost of more frequent recurring inspections (every four years instead of five for vessels over 200 psi MAWP; every six years instead of ten for deareators, every three years instead of five for liquid CO2 vessels, every ten years for pressure vessels 200 psi MAWP or less). These inspections cost \$25.

For subsequent years: Same as first year.

2. Revenues:

For the first year: Boiler contractors may see increased revenues for performing chimney/flue inspections if they are contracted to do so.

For subsequent years: Same as first year.

3. Cost Savings:

For the first year: Owners/operators of pressure vessels for human occupancy will save on the cost of less frequent recurring inspections (every four years instead of two). The cost of insuring the buildings and units may decrease as inspection frequency increases for some units.

For subsequent years: Same as first year.

(6) Provide a narrative to explain the following for each entity identified in (3)(a), (4)(a), and (5)(a):

(a) Fiscal impact of this administrative regulation: For the owners of power boilers and heating boilers, the anticipated fiscal impact will be an approximately \$300 charge every two years (power boiler) to four years (heating boiler). Owners of certain pressure vessels will incur the cost of more frequent recurring inspections (every four years instead of five for vessels over 200 psi MAWP; every six years instead of ten for deareators, every three years instead of five for liquid CO2 vessels, every ten years for pressure vessels 200 psi MAWP or less). These inspections cost \$25. These costs may be offset by reductions in insurance premiums for the buildings/units.

(b) Methodology and resources used to reach this conclusion: The department ascertained the average cost of a chimney inspection via surveying providers of same, the cost of pressure vessel recurring inspections is established by 815 KAR 15:027.

(7) Explain, as it relates to the entities identified in (3)(a), (4)(a), and (5)(a):

(a) Whether this administrative regulation will have a “major economic impact” as defined by KRS 13A.010(14): This regulation will not have a major economic impact as defined by KRS 13A.010(14).

(b) The methodology and resources used to reach this conclusion: The combined implementation and compliance costs of the administrative regulation are less than \$500,000 over any two-year period.