

## REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

815 KAR 15:027

Contact Person: Jonathon M. Fuller

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(1) Provide a brief summary of:

(a) What this administrative regulation does: This administrative regulation establishes the fees for the inspections of boilers and pressure vessels.

(b) The necessity of this administrative regulation: This administrative regulation is necessary to assist the boiler inspectors in performing their duty to monitor and inspect boiler and pressure vessel activity in the Commonwealth. This administrative regulation also aids the boiler and pressure vessel contractor, mechanic, and owners of boilers or pressure vessels in calculating the fee for a boiler or pressure vessel inspection.

(c) How this administrative regulation conforms to the content of the authorizing statutes: KRS 236.130 requires the commissioner to establish a reasonable fee for the inspection of boilers and pressure vessels. KRS 236.120 establishes the requirements for a Certificate of Inspection. KRS 236.240 establishes the requirement for permits and authorizes the commissioner to establish reasonable fees for the permits.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes: This administrative regulation establishes the inspection fees for boiler, pressure vessels, and pressure piping, and the Certificate of Inspection provided by the department after the inspections.

(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 regulation establishes the following fees:

- a. The existing schedule has been clarified to state that it includes repair fees;
- b. \$5,000 for an operating certificate extension; and
- c. \$25 for administrative fees related to issuing a commission to a special boiler inspector.

(b) The necessity of the amendment to this administrative regulation: The amendment was necessary in order to clarify the existing regulation's fee schedule, establish a small administrative fee, and set up a fee that is intended to disincentivize operating certificate extensions.

(c) How the amendment conforms to the content of the authorizing statutes: KRS 236.130 requires the commissioner to establish a reasonable fee for the inspection of boilers and pressure vessels. KRS 236.120 establishes the requirements for a Certificate of Inspection. KRS 236.240 establishes the requirement for permits and authorizes the commissioner to establish reasonable fees for the permits.

(d) How the amendment will assist in the effective administration of the statutes: This amendment will establish more reasonable and up-to-date fees.

(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, 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: The regulated entities will need to pay the appropriate fees, as needed. In particular, special boiler inspectors will pay \$25 for their commissions and entities seeking a voluntary operating certificate extension will pay \$5,000.
- (b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (4): The department has 116 active boiler commissions. The owners of those commissions will pay \$25. The department usually issues approximately six to twelve operating certificate extensions every year. The certificate extension fee is not intended to increase revenue; instead, it is intended to disincentivize operating certificate extensions. Therefore, it is anticipated that, at most, regulated entities may pay \$63,000 in the first year, but that number will swiftly decrease in subsequent years.
- (c) As a result of compliance, what benefits will accrue to the entities identified in question (4): This regulatory amendment clarifies the department's fee schedule.

(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: Yes, this regulation contains fee increases. Therefore, fee increases are necessary.

(9) State whether or not this administrative regulation establishes any fees or directly or indirectly increases any fees: Yes. See the answer to (2)(a) above.

(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. These amendments are authorized by KRS 236.030, KRS 236.130, KRS 236.120, and KRS 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 administrative regulation is required by KRS 236.030 and 236.130.

(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: \$63,000 at most

For subsequent years: Revenues will decrease considerably in subsequent years, because the certificate extension fee is intended to disincentivize requests for certificate extensions.

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 local entity 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 (3)(a) or (4)(a): Special boiler inspectors and entities applying for certificate extensions

(b) Estimate the following for each regulated entity identified in (4)(a):

1. Expenditures:

For the first year: \$63,000 at most.

For subsequent years: Expenditures will decrease in subsequent years, because the certificate extension fee is intended to disincentivize requests for certificate extensions.

2. Revenues:

For the first year: None.

For subsequent years: None.

3. Cost Savings:

For the first year: None.

For subsequent years: None.

(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: The department usually issues approximately six to twelve operating certificate extensions every year. The certificate extension fee is not intended to increase revenue; instead, it is intended to disincentivize operating certificate extensions. Therefore, it is anticipated that, at most, regulated entities may pay \$60,000 in the first year, but that number will swiftly decrease in subsequent years. The fiscal impact of the special commissions is approximately \$2,900. The department determined this number by multiplying the \$25 fee by the typical number of people who receive commissions (116).

(b) Methodology and resources used to reach this conclusion: Please see the answer to (6)(a) above.

(6) 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: This amendment creates a new \$25 administrative fee that will be charged for processing and issuing special inspector commissions. Also, it is anticipated that the number of certificate extensions will decrease precipitously after the first year that this regulation is implemented.