

REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

Administrative Regulation: 815 KAR 7:125

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(1) Provide a brief summary of:

- (a) What this administrative regulation does:** This administrative regulation establishes the Kentucky Residential Code.
- (b) The necessity of this administrative regulation:** KRS 198B.040(7) and 198B.050 require the department to adopt and promulgate a mandatory Uniform State Building Code that establish the standards for the construction of all buildings, as defined in KRS 198B.010, in the state.
- (c) How this administrative regulation conforms to the content of the authorizing statutes:** KRS 198B.040(7) and 198B.050 require the department to adopt and promulgate a mandatory Uniform State Building Code that establish the standards for the construction of all buildings, as defined in KRS 198B.010, in the state. This administrative regulation incorporates by reference the 2015 International Residential Code and 2018 Kentucky Residential Code—the “Kentucky amendments”.
- (d) How this administrative regulation currently assists or will assist in the effective administration of the statutes:** This administrative regulation establishes the Kentucky Residential Code, as required by KRS 198B.040(7) and 198B.050 for the enforcement of the uniform state building code, incorporating all applicable codes and standards into its processes.

(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 adopts the 2023 National Electrical Code (“NEC”), a referenced standard of the Kentucky Residential Code.
- (b) The necessity of the amendment to this administrative regulation:** This amendment is necessary to adopt and implement an update to the National Electrical Code to the

2023 edition.

- (c) **How the amendment conforms to the content of the authorizing statutes:** KRS 198B.040(7) and 198B.050 require the department to adopt and promulgate a mandatory Uniform State Building Code that establish the standards for the construction of all buildings, as defined in KRS 198B.010, in the state. This administrative regulation incorporates by reference the 2015 International Residential Code and 2018 Kentucky Residential Code—the “Kentucky amendments”. KRS 227.480(4) requires reasonable standards for the construction, alteration, and repair of any electrical system to be those adopted in the Uniform State Building Code, as promulgated by the department, and requires those standards to utilize the National Electrical Code as a minimum standard.
- (d) **How the amendment will assist in the effective administration of the statutes:** These amendments to the Kentucky Residential Code will enhance public safety and allow the construction industry to use current technologies, methods, and materials in the construction, alteration, and repair of electrical systems.
- (3) **List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation:** All electrical construction, alteration, and repair projects subject to the Kentucky Residential Code are affected by this administrative regulation. Architects, engineers, contractors, electricians, electrical inspectors, project managers, businesses, local governments, and Department personnel will be affected by this administrative regulation.
- (4) **Provide an analysis of how the entities identified in question (3) 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 (3) will have to take to comply with this administrative regulation or amendment:** The identified entities must comply with any applicable amendments to the Kentucky Residential Code and the referenced standard, the 2023 National Electrical Code.
- (b) **In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (3):** Costs will vary based on entity and their role in the electrical trade. New copies of NFPA 70, the National Electrical Code, 2023 Edition are approximately \$140. One of the largest recurring cost that is new to the 2023 NEC is exterior emergency disconnects for one- and two-family dwelling units, which cost approximately \$200 plus labor for installation.
- (c) **As a result of compliance, what benefits will accrue to the entities identified in question (3):** The 2023 NEC includes a number of changes that increase life safety, safety of appliances and other electronics, offers guidance for emerging technologies in the electrical field and has removed some requirements due to industry feedback (e.g. receptacles are no longer required on kitchen islands and peninsulas).

- (5) **Provide an estimate of how much it will cost the administrative body to implement this administrative regulation:**
- (a) **Initially:** Initial implementation costs will be minimal to the administrative body and are estimated to be less than five thousand dollars. These costs will include updated physical code books and training.
 - (b) **On a continuing basis:** There are no anticipated additional costs to implement this administrative regulation on a continuing basis.
- (6) **What is the source of the funding to be used for the implementation and enforcement of this administrative regulation:** Implementation and enforcement of this administrative regulation is anticipated to result in minimal additional costs to the agency. Any agency costs resulting from the implementation and enforcement of this administrative regulation will be met with existing agency funds.
- (7) **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 funding. No fees are raised or changed by this amendment.
- (8) **State whether or not this administrative regulation established any fees or directly or indirectly increased any fees:** This amendment does not alter previously established fees.
- (9) **TIERING: Is tiering applied? Explain why or why not:** Tiering is not applied as all regulated entities are subject to the same amended requirements.

FISCAL NOTE

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(1) What units, parts or divisions of state or local government (including cities, counties, fire departments, or school districts) will be impacted by this administrative regulation? The Department of Housing, Buildings and Construction and electrical inspection programs of local governments.

(2) Identify each state or federal statute or federal regulation that requires or authorizes the action taken by the administrative regulation. This administrative regulation is required by KRS 198B.040(7) and KRS 198B.050.

(3) Estimate the effect of this administrative regulation on the expenditures and revenues of a state or local government agency (including cities, counties, fire departments, or school districts) for the first full year the administrative regulation is to be in effect.

(a) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for the first year? This amendment is not anticipated to generate additional revenue for state or local government in the first year.

(b) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for subsequent years? This amendment is not anticipated to generate additional revenue for state or local government in subsequent years.

(c) How much will it cost to administer this program for the first year? Costs related to local administration of this administrative regulation will vary, based upon the number of inspectors that the local government will be required to provide updated materials for. The cost for state-level administration of this administrative regulation will be minimal, as discussed in (5)(a) of the Regulatory Impact Analysis and Tiering Statement.

(d) How much will it cost to administer this program for subsequent years? There are no anticipated additional costs to administer this amendment for subsequent years.

Note: If specific dollar estimates cannot be determined, provide a brief narrative to explain the fiscal impact of the administrative regulation.

Revenues (+/-): Neutral

Expenditures (+/-): Initial increase for updated code materials and training will vary by entity.

Other Explanation: None.

(4) Estimate the effect of this administrative regulation on the expenditures and cost savings of regulated entities for the first full year the administrative regulation is to be in effect.

(a) How much cost savings will this administrative regulation generate for the regulated entities for the first year? Costs savings will vary based on the type and scope of electrical construction project. For example, regulated entities may see cost savings by no longer being required to install receptacles in certain areas of a newly-constructed home.

(b) How much cost savings will this administrative regulation generate for the regulated entities for subsequent years? Costs savings will vary based on the project, as discussed in 4(b).

(c) How much will it cost the regulated entities for the first year? Costs will vary based on entity, project, and the entity's role in the electrical trade. New copies of NFPA 70, the National Electrical Code, 2023 Edition are approximately \$140. One of the largest recurring cost for new construction that is new to the 2023 NEC is exterior emergency disconnects for one- and two-family dwelling units, which cost approximately \$200 plus labor for installation.

(d) How much will it cost the regulated entities for subsequent years? Costs will vary based on the entity, project, and the entity's role in the electrical trade as discussed in 4(c).

Note: If specific dollar estimates cannot be determined, provide a brief narrative to explain the fiscal impact of the administrative regulation.

Revenues (+/-): Neutral

Expenditures (+/-): Varies by type and scope of project.

Other Explanation: None.

(5) Explain whether this administrative regulation will have a major economic impact, as defined below. "Major economic impact" means an overall negative or adverse economic impact from an administrative regulation of five hundred thousand dollars (\$500,000) or more on state or local government or regulated entities, in aggregate, as determined by the promulgating administrative bodies. [KRS 13A.010(13)]

This administrative regulation will not have a major economic impact, as defined above.