

STATEMENT OF NEED AND REASONABLENESS; BOILER AND HIGH PRESSURE PIPING
FEE INCREASES

JULY 27, 1987

THE AUTHORITY TO ESTABLISH THE AMOUNT OF FEES CHARGED BY THE CODE ENFORCEMENT DIVISION, DEPARTMENT OF LABOR AND INDUSTRY IS FOUND IN MINNESOTA STATUTES SECTION 16A.128. THIS SECTION REQUIRES THAT THE AMOUNT OF FEES COLLECTED BY THE AGENCY MUST BE APPROXIMATELY EQUAL TO THE AMOUNT APPROPRIATED TO THE ORGANIZATION PLUS THE AGENCY SUPPORT AND INDIRECT COSTS ATTRIBUTABLE TO DIVISION OPERATIONS. THE FEES PRESENTED IN THE PROPOSED AMENDMENTS ARE NEEDED TO COMPLY WITH THE REQUIREMENTS OF THE STATUTE. IN FISCAL YEAR 1986 THE DIVISION HAD \$908,400 IN RECEIPTS AND HAD AN OPERATING BUDGET OF \$1,154,600. THE AUTHORITY FOR CHANGES IN RELATED LANGUAGE REGARDING LICENSING REQUIREMENTS AND THE RIGHTS AND RESPONSIBILITIES OF APPLICANTS IS FOUND IN M.S. 183.375ff FOR BOILER OPERATORS AND M.S. 326.41ff FOR HIGH PRESSURE PIPING CONTRACTORS AND JOURNEYMEN. THESE AMENDMENTS ARE NEEDED TO CLARIFY THE RIGHTS AND RESPONSIBILITIES OF APPLICANTS FOR LICENSE AND TO IMPROVE ADMINISTRATIVE PROCEDURES BOTH FOR THE APPLICANT'S CONVENIENCE AND THE SAFETY OF THE GENERAL PUBLIC.

SECTION 5225.0300 EXPIRATION AND RENEWALS.

SUBPART 1. TIMING.

THE CHANGES PROPOSED IN THIS PART ARE NEEDED AND REASONABLE TO PROVIDE CLARIFICATION TO APPLICANTS OF THE OBLIGATIONS REGARDING LICENSE RENEWAL. IT ALSO PROVIDES MORE EASILY UNDERSTOOD LANGUAGE REGARDING THE PERIOD OF LICENSE VALIDITY.

SUBPART. 2. APPLICATIONS FOR RENEWAL WITHIN ONE YEAR OF EXPIRATION DATE

THE CURRENT LANGUAGE ALLOWS OPERATING ENGINEERS TO GO FIVE YEARS WITHOUT RENEWING THEIR LICENSE. AT THE TIME OF RENEWAL THEY MAY RENEW THE LICENSE WITH PAYMENT OF ONE LATE FEE. WHILE LICENSE CHECKS ARE MADE OF PERSONS WORKING AS OPERATING ENGINEERS, IT IS POSSIBLE THAT, BECAUSE OF THIS EXTENDED TIME, A PERSON MAY BE WORKING WITHOUT A VALID LICENSE. THE CHANGE TO ONE YEAR WILL SIGNIFICANTLY REDUCE THE POSSIBILITY OF OPERATING WITHOUT A LICENSE AND ELIMINATE THE ASSOCIATED TIME REQUIRED FOR MAINTAINING RECORDS ON LICENSES WHICH MAY NOT BE RENEWED AGAIN. THE FEE FOR REPLACEMENT OF A LOST LICENSE IS TO COVER THE RELATED ADMINISTRATIVE COSTS.

SUBPART. 3. APPLICATIONS FOR RENEWAL BEYOND ONE YEAR OF EXPIRATION DATE

THIS PART IS NEEDED AND REASONABLE TO PROVIDE ENFORCEMENT PROCEDURES FOR SUBPART 2.

SECTION 5225.8600 FEES.

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SUBPART 2. ENGINEER LICENSES.

THE FEE INCREASES PROVIDED FOR IN THIS SECTION ARE NEEDED TO COMPLY WITH THE PROVISIONS OF M.S. 16A.128. THIS IS REASONABLE BECAUSE THE LAST INCREASE, IN 1985, WAS INSUFFICIENT TO COMPLY WITH THE PROVISIONS OF THE STATUTE REQUIRING FEES COLLECTED TO BE APPROXIMATELY EQUAL TO THE AMOUNT APPROPRIATED PLUS SUPPORT AND INDIRECT COSTS. THE FEES COLLECTED HAVE NOT BEEN SUFFICIENT TO COVER THE AMOUNT APPROPRIATED FOR THE DIRECT AND INDIRECT OPERATING COSTS. THE FEE INCREASES FOR HOBBY AND PILOT LICENSES ARE ALSO SUPPORTED BY THE NEED FOR THE DIVISION TO RESCHEDULE WORK HOURS TO MEET THE SEASONAL NEEDS OF DIVISION CLIENTELE. THE FEE FOR REPLACEMENT OF A LOST LICENSE IS TO COVER THE RELATED ADMINISTRATIVE COSTS OF RESEARCHING THE FILE AND RECREATING THE LICENSE. .

SUBPART 3. BOILER AND PRESSURE VESSEL INSPECTION

THE FEE INCREASES FOR INSPECTIONS ARE NEEDED AND REASONABLE TO COMPLY WITH THE PROVISIONS OF M.S. 16A.128. THE DEPARTMENT INSPECTS THOSE BOILERS AND PRESSURE VESSELS NOT COVERED BY INSURANCE COMPANY INSPECTIONS. INSURANCE COMPANIES WILL NOT INSPECT OBJECTS NOT COVERED BY A POLICY AND MANY OWNERS CHOOSE NOT TO HAVE A POLICY TO COVER REPAIR AND REPLACEMENT COSTS, OPTING INSTEAD TO HAVE THE STATE PROVIDE THE REQUIRED INSPECTION AND TO COVER REPAIR OR REPLACEMENT ONLY AS NEEDED. AS THESE ARE USUALLY SMALL OBJECTS AND ARE SCATTERED THROUGHOUT THE STATE, THE COSTS OF TRAVEL ARE A SIGNIFICANT COST TO THE DIVISION. THE INCREASES ARE NECESSARY TO COVER THE COSTS RELATED TO INSPECTION AND TO COMPLY WITH THE PROVISIONS OF M.S. 16A.128.

SUBPART 4. SHOP INSPECTIONS.

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SUBPART 5 INSPECTORS.

THE NATIONAL BOARD EXAMINATION IS A TWO DAY EXAMINATION WHICH THE DIVISION ADMINISTERS ON BEHALF OF THE NATIONAL BOARD OF BOILER AND PRESSURE VESSEL INSPECTORS. BY AGREEMENT WITH THE BOARD, THE DIVISION PROVIDES TWO EMPLOYEES TO MONITOR THE EXAMINATION. THE FEES MUST COVER THE COST OF MONITORING THE EXAMINATION. THE COST OF THE EXAMINATION IS PAID FOR BY THE INSURANCE COMPANY THAT EMPLOYS THE PERSON TAKING THE EXAMINATION. THE CERTIFICATION RECEIVED AS A RESULT OF PASSING THE TEST IS REQUIRED FOR AN INSPECTOR TO INSPECT BOILERS AND PRESSURE VESSELS IN MINNESOTA. FOR EXAMPLE, A PERSON MAY NOT SERVE AS AN AUTHORIZED INSPECTOR IN A NUCLEAR PLANT WITHOUT AN "N" ENDORSEMENT. THESE FEES ARE GENERALLY PAID ON BEHALF OF THE INSPECTOR BY THE EMPLOYING INSURER.

SUBPART 6. EXEMPTION CERTIFICATES.

THE EXEMPTION CERTIFICATE INCREASES ARE NEEDED AND REASONABLE AS EXTENSIVE ANALYSIS OF THIS PROCESS HAS IDENTIFIED A NUMBER OF FLAWS IN THE OLD MANUAL SYSTEM THAT HAS LEAD TO AN ACCOUNTS RECEIVABLE PROBLEM. TO REMEDY THESE PROBLEMS THE DIVISION HAS DEVELOPED AND IS NOW USING A COMPUTERIZED RECORDKEEPING AND ACCOUNTING SYSTEM. THE CURRENT FEE STRUCTURE DOES NOT COMPLY WITH THE REQUIREMENTS OF M.S. 16A.128. TO ASSURE BETTER COLLECTION, ADMINISTRATIVE CHANGES HAVE BEEN MADE LIMITING THE ISSUANCE OF THE CERTIFICATE. THE CERTIFICATE IS REQUIRED FOR AN OBJECT TO BE OPERATED. INSTEAD OF USING THE CERTIFICATE AS A BILLING DOCUMENT, THE CERTIFICATE IS NOT ISSUED UNTIL AFTER THE BILLING HAS BEEN MADE AND THE FEE PAID. THE DIVISION IS PROPOSING LEGISLATION THAT WILL REQUIRE AN AMOUNT TO BE PAID EQUAL TO THE CERTIFICATE FEE FOR NON-COMPLIANCE. CURRENTLY THE DIVISION'S ONLY REMEDY IS TO STOP USE OF THE EQUIPMENT.

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THE BOAT INSPECTION FEE INCREASES ARE NEEDED AND REASONABLE TO COVER THE COSTS OF INSPECTION. THESE COSTS REFLECT THE NEED TO REARRANGE DIVISION WORK SCHEDULES TO MEET THE NEEDS OF THE CLIENTS. BOATS ARE INSPECTED JUST PRIOR TO THE BEGINNING OF FISHING SEASON, OR JUST BEFORE THE ICE GOES OUT OF THE LAKES. AS THE OWNERS OF THE VESSELS ARE FREQUENTLY NOT AVAILABLE FOR ATTENDING THE INSPECTION DURING THE NORMAL WORK WEEK, INSPECTIONS ARE SCHEDULED FOR THEIR CONVENIENCE ON WEEKENDS.

SUBPART 8. HOBBY BOILERS.

THE INSPECTION FEE FOR TRACTION, OR HOBBY, BOILERS IS NEEDED AND REASONABLE TO COVER THE COSTS OF INSPECTION AND TO COMPLY WITH THE PROVISIONS OF M.S.16A.128. THESE OBJECTS, USUALLY OLD STEAM POWERED TRACTORS, ARE SHOWN AT PUBLIC SHOWS THROUGHOUT THE STATE. INSPECTIONS ARE SCHEDULED AT THE SHOW SO THAT THE INSPECTORS MAY INSPECT SEVERAL OBJECTS AT ONE TIME. AS THESE SHOWS ARE USUALLY HELD ON WEEKENDS, THE DIVISION WORK SCHEDULES ARE MODIFIED TO MEET THE NEEDS OF THE CLIENTS AND TO ASSURE THAT THE LATEST SAFETY INSPECTION IS COMPLETED JUST BEFORE THESE ENGINES ARE STARTED THEREBY REDUCING THE RISK OF ACCIDENT WHEN THE GENERAL PUBLIC IS IN ATTENDANCE.

52XX.0800 LICENSING AND REGISTRATION REQUIREMENTS: HIGH PRESSURE PIPING

THE TECHNICAL NAME OF THE PROFESSION OF HIGH PRESSURE PIPEFITTER USED TO BE STEAMFITTER. THE CHANGES IN THE PARTS RELATED TO HIGH PRESSURE PIPEFITTING ARE NEEDED AND REASONABLE TO REFLECT THE CHANGE TERMINOLOGY AND TO REFLECT BROADER RESPONSIBILITIES AS A RESULT OF LEGISLATIVE ACTION.

THE CHANGE IN APPRENTICESHIP LANGUAGE IS TO ELIMINATE OBSOLETE LANGUAGE AND IS NEEDED AND REASONABLE ACCORDINGLY.

5230.0100 FEES.

SUBPART 1. NO CHANGES ARE PROPOSED.

SUBPART 2 ~~REINSTATEMENT~~APPLICATION FOR RENEWAL

THE CHANGES IN THIS PART ARE NEEDED AND REASONABLE TO ELIMINATE REFERENCE TO THE COUNCIL AND TO ELIMINATE THE DISCRETIONARY RIGHT TO REQUIRE A REEXAMINATION FOR SOME AND NOT OTHERS.

SUBPART 3 EXAMINATION AND LICENSE.

THE FEES IN THIS PART ARE NEEDED AND REASONABLE TO COMPLY WITH THE PROVISIONS OF M.S. 16A.129. EXPIRED LICENSE FEES ARE RAISED TO COVER THE COSTS OF ADMINISTRATION. THESE FEES ARE REASONABLE AS THE 30 DAY GRACE PERIOD ALLOWED BY STATUTE IS SUFFICIENT TO ALLOW FOR TIMELY RENEWAL. THE STATUTES GOVERNING HIGH PRESSURE PIPING HAVE BEEN CHANGED TO ALLOW RENEWAL PERIODS TO BE SET ON A DATE OF ISSUANCE BASIS INSTEAD OF IN JANUARY. THE CHANGES ARE NECESSARY TO ASSURE ADMINISTRATIVE PROCEDURES ARE CONSISTENT WITH THE CHANGE IN STATUTORY LANGUAGE.

SUBPART 4 PERMIT TO CONSTRUCT OR INSTALL POWER PIPING SYSTEMS.

THE PROPOSED CHANGES IN 'SUBPART 4 (B) ARE NEEDED AND REASONABLE TO PROVIDE SUFFICIENT REVENUES FROM THE INSPECTION FEE TO COVER THE COSTS OF INSPECTION. THE FEE STRUCTURE RAISES THE COSTS FOR INSPECTION FOR SMALLER PROJECTS AND REDUCES THE COSTS FOR LARGER PROJECTS. THIS IS NEEDED AND REASONABLE AS PROPORTIONALLY MORE INSPECTION WORK IS NEEDED FOR SMALL PROJECTS.

THE ECONOMIC IMPACT ON SMALL BUSINESS OF THE PROPOSED BOILER LICENSE FEES WOULD BE MINIMAL AS, GENERALLY, THEY ARE APPLIED TO INDIVIDUALS ONLY.

INSPECTION AND EXEMPTION CERTIFICATE FEE INCREASES WILL AFFECT SMALL BUSINESSES. MOST BUSINESSES THAT HAVE BOILERS OR PRESSURE VESSELS THAT REQUIRE INSPECTION ARE SMALL BUSINESSES. MINNESOTA STATUTES REQUIRE LARGER BOILERS TO HAVE AN ANNUAL INSPECTION AND THAT PRESSURE VESSELS BE INSPECTED EVERY TWO YEARS. HOWEVER, AS SMALL BUSINESSES TEND TO HAVE ONLY A FEW ITEMS REQUIRING INSPECTION, THE TOTAL INCREASE FOR A BUSINESS WOULD BE LESS THAN \$50.00 PER YEAR IN MOST CASES.

THE FEE INCREASES FOR BOAT INSPECTIONS WILL HAVE A DIRECT IMPACT ON SMALL BUSINESSES AS MOST OF THESE ARE OWNED BY SMALL BUSINESSES AND ARE CHARTERED FOR FISHING OR SCENIC TOURS. THE FEE IS GRADUATED BY THE SIZE OF THE BOAT SO THAT SMALLER BOATS, WHICH REQUIRE LESS INSPECTION TIME, WILL PAY A LOWER FEE. THE AMOUNT OF INCREASE PER YEAR WOULD BE LESS THAN \$50.00 PER VESSEL.

TRACTION BOILER INSPECTION FEES WOULD NOT DIRECTLY AFFECT SMALL BUSINESSES AS THESE ARE OWNED BY HOBBYISTS AND ARE DISPLAYED FOR HISTORICAL HERITAGE PURPOSES INSTEAD OF FINANCIAL GAIN.

THE ECONOMIC IMPACT ON SMALL BUSINESS OF THE PROPOSED HIGH PRESSURE PIPING FEE INCREASES WOULD BE MINIMAL AS, GENERALLY, THEY ARE APPLIED TO INDIVIDUALS ONLY. THE HIGH PRESSURE PIPING CONTRACTOR LICENSE FEE WOULD HAVE AN AFFECT ON APPROXIMATELY 300 LICENSE HOLDERS. OVER HALF OF THESE LICENSES ARE HELD BY INDIVIDUALS. MANY OF THE REMAINING LICENSE HOLDERS ARE EMPLOYED BY LARGE CONTRACTING FIRMS.

AS SMALL BUSINESSES GENERALLY HAVE SMALLER HIGH PRESSURE PIPING PROJECTS, APPROXIMATELY ONE THIRD WOULD HAVE A TOTAL FEE OF LESS THAN \$100.00 AND ANOTHER THIRD WOULD HAVE A TOTAL FEE OF LESS THAN \$250.00 UNDER THE PROPOSED CHANGES. THE REMAINDER OF THE PROJECTS WOULD BE LARGER BUSINESSES. MANY OF THE PROJECTS WITH TOTAL FEES UNDER \$250.00 WOULD ALSO BE WITH LARGER BUSINESSES.

THE OTHER ADMINISTRATIVE LICENSURE PROCEDURE CHANGES WOULD NOT HAVE DIRECT IMPACT ON SMALL BUSINESSES.

IMPACT ON LOCAL PUBLIC BODIES (M.S. 14.11 SUBD. 1)

AS LICENSE FEES ARE THE RESPONSIBILITY OF THE INDIVIDUAL, LICENSE FEE INCREASES WOULD NOT HAVE AN AFFECT ON STATE AGENCIES OR LOCAL GOVERNMENT UNITS. THE INCREASED BOILER AND PRESSURE VESSEL INSPECTION FEES WOULD HAVE A DIRECT AFFECT ON GOVERNMENTAL AGENCIES, HOWEVER, AS STATE BUILDINGS HAVE FEW OBJECTS, THE FEE INCREASES WOULD AVERAGE LESS THAN \$100 PER SITE. HIGH PRESSURE PIPING APPLICATION AND INSPECTION FEES WOULD AFFECT CAPITAL BUDGET PROJECTS. HOWEVER, THE FEES ARE THE RESPONSIBILITY OF THE CONTRACTOR AND NOT THE STATE AGENCY.

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APPROVAL OF THE COMMISSIONER OF FINANCE

PURSUANT TO M.S. 16A.128 SUBD. 1A APPROVAL OF THE PROPOSED FEE INCREASES HAS BEEN MADE.