

Proposed Rule Amending Inspection Fees

Statement of Need and Reasonableness

MINNESOTA RULE 3800.1800

The Board of Electricity is increasing its electrical inspection fees to reimburse contract inspectors who have not had an increase since May, 1982, and to cover anticipated administrative costs for the next biennium.

Currently the Board of Electricity contracts with 44 electrical inspectors who are paid on a fee-basis. The fee is paid by the installer upon commencement of the electrical work. This fee is held in escrow as a customer deposit until final inspection is made. The inspector is then paid an average of 85% of the fee. The 15% of the fees retained by the Board to cover its administrative costs does not become available until the inspections are completed and the inspectors are paid.

Many contract inspectors are earning less than the prevailing wage rate paid to electricians in their geographical area for the amount of hours and the expenses they incur. City inspectors' earnings are much higher than most state inspectors. The Board's contract inspectors who work in the seven county metro area have too large an area to cover efficiently, and it will be necessary for the Board to split those areas and contract with additional inspectors. However, it will be impossible to obtain interested applicants under the present fee schedule.

Many contract inspectors have indicated they will not renew their contract next July if the fees are not increased. Contract electrical inspectors are independent contractors and the fees they are paid cover their expenses for making electrical inspections, as well as their net personal income.

An evaluation report on the Board of Electricity from the Program Evaluation Division of the Office of the Legislative Auditor pointed out that contract inspection is the most efficient inspection program.

The Board of Electricity received approval from the Department of Finance in a memorandum dated November 2, 1987 to increase its inspection fees.

SMALL BUSINESS CONSIDERATIONS IN RULEMAKING

Most of the businesses regulated by the Board of Electricity are small businesses and the Board has framed all of these regulations considering the needs of small business because the Board estimates 80% of all licensed contractors are small business as defined in M.S. 14.115.

a) The compliance and reporting requirements under Minnesota Rule 3800.1000 subpart 1 through subpart 7 were framed for the needs of small business in mind.

b) The compliance with reporting requirements contained in amendments to this rule were drafted with the needs of small business in mind. The Board will notify all contractors concerning the amended fees so that small businesses will not have to monitor the law or research the requirements.

c) The language was condensed in the inspection fee schedule to be easily understood.

d) This requirement is inapplicable to these requirements.

e) It is not possible to exempt small business from this rule since it would be inequitable to require only large business to pay inspection fees. The fee is passed on to the end user.