

STATE OF MINNESOTA
DEPARTMENT OF LABOR AND INDUSTRY
DIVISION OF CODE ENFORCEMENT

In the Matter of the Proposed Adoption
by the Minnesota Department of Labor and
Industry, Code Enforcement Division, of
Amendments to Rules Governing Fees for
Inspections and Boiler Engineers' Licenses

**STATEMENT OF NEED
AND REASONABLENESS**

Minnesota Statutes § 183.545 authorizes the commissioner to set the fees for various boiler inspections, licenses and certificates following the procedures prescribed by Minn. Stat. § 16A.128. The fees established by these rules are intended to meet the direct and indirect expenses of administering the licensing and inspection statutes. The licensing of engineers is required by Minn. Stat. §§ 183.411, Subd. 3 and 183.501 and by Minn. Rules Part 5225.0300.

Part 5225.0300. The citation changes in Subparts 2 and 3 were made by the Revisor. The new part 5225.8600 essentially replaces part 5225.0200. As part 5225.0200 is repealed, the citation correction is necessary.

Part 5225.8600, Subp. 2. Engineer Licenses. This subpart sets the fees for the initial licenses and renewal licenses of engineers and pilots. The current license fees were set in 1978. The proposed increase is justified by the increase in inflation since 1978, the increase in salaries for licensed engineers, and the increased administrative cost of processing license applications and renewals.

Subp. 2.A.(1). The chief engineer's license proposed fee of \$40 is a 100 percent increase over the current fee. The increase is needed because additional research is required of the affidavits which are submitted in support of the application. This requires file review to verify that the applicant has the necessary five years experience. Also, the exams have been lengthened to between 100 and 140 questions, and thus require more time to correct. Time to write the exam is usually from two to four hours, and the applicant must be monitored.

Subp. 2.A.(2). The first class engineer's license fee is increased 67 percent to \$25.00. Administrative processing of this license generally requires search of the applicant's file to assure documentation of the required experience. The examinations have been lengthened to between 100 and 130 questions, and an additional amount of time is needed to correct the exams and verify the affidavits. The exam time is usually from one and one-half to three hours, and examinees must be monitored.

Subp. 2.A.(3). The second class engineer's license is increased 54 percent to \$20.00. These applications require affidavits which must be verified and in some cases the previous special license application must be removed from the file to verify experience. The increased fee reflects the higher administrative costs of the time required to review the application, verify affidavits and correct the exam. The exam time is usually from one to one and one-half hours and must be monitored.

Subp. 2.A.(4). The special engineer license is increased 88 percent to \$15.00. The increase reflects the higher administrative costs for the time involved in reviewing the application, correcting the 33 question exam, and monitoring one-half to one hour exam.

Subp. 2.A.(5). The fee increase for the hobby engineer's license reflects the increased administrative cost of reviewing the applications and conducting the examinations. Because the hobby license is a lifetime license and does not need to be renewed, the fee is higher than most of the other license fees. The administrative time necessary to review a hobby license application and monitor the exam is approximately one and one-half hours, plus travel time.

Subp. 2.A.(6). The increase in the pilot's fee is needed because of higher expenses incurred in the application and testing procedure. The majority of pilot license examinations are conducted off site, usually in the Mille Lacs Lake and Walker area. This requires additional expenses for travel and subsistence for the examiner. As the pilot's license is used for the boating season (usually five months), the fee is adjusted at a lesser amount than other license fees for the higher classes of engineer licenses.

Subp. 2.B. The proposed renewal fees vary according to the grade of license held. The higher fees for the higher grades reflect the higher salaries usually earned by engineers with higher grades.

Subp. 3. Boiler and pressure vessel inspection. The fee increases for boiler and pressure vessel inspections reflect increased inspection and administrative costs for the time required to inspect these objects. It is reasonable to adjust the fee to be comparable to inspection fees charged in other states, which require inspections. The inspection fee amounts for the state of Minnesota are low compared to Iowa: boilers \$25 to \$41, pressure vessels \$10 to \$14; South Dakota: boilers internal inspection \$30 to \$60, external inspection \$10 to \$30; Wisconsin: internal inspection \$20 to \$175, pressure vessels over 12 cubic feet \$25 to \$45; Michigan: \$25 to \$102.

Subp. 4. Shop inspections. The fees for shop inspections are increased to be more compatible with fees charged by the authorized insurance companies who perform shop inspections. The present fees for these inspections are much lower than those fees charged by insurance companies. The state's lower fees encourages over-utilization of state inspectors, and the proposed increase reduces the fee disparity.

Subp. 5. Inspectors. The fee increase for inspector examinations, certificates and endorsements is needed to offset the cost of conducting examinations and issuing certificates. National Board examinations are conducted four times per year and are required to be monitored by the Chief Inspector and one additional jurisdiction inspector for a period of one and one-half days for each examination date. At times, there are one or two applicants for the one and one-half day examination.

Subp. 6. Exemption certificates. The fees for exemption certificates are unchanged.

Subp. 7. Vessel inspections. The increase of the vessel inspection fee is needed to justify the time spent by the inspection staff conducting boat inspections. Vessels operating on inland waters are rated in passenger capacity and length in feet. As it requires more inspection time to inspect a larger vessel, the proposed fees are adjusted accordingly.

The time involved in conducting boat inspections varies from one-half to two hours (excluding travel time). These inspections are usually conducted by two inspectors at a cost of approximately \$18.00 per hour plus expenses for each inspector.

IMPACT ON SMALL BUSINESS

The proposed increase in license application and renewals would only indirectly affect small business, as the fees apply to individuals only. The proposed increase for the inspection fee has been increased only \$5 or \$10 for boilers normally operated by small business. In the event the small business owners are also boiler operators, the Special Class license is usually needed and because this fee is insignificant the increase would not have a serious impact on small business. Larger businesses who use larger boilers would require the higher grade of license and increased fees. Thus, under these proposed rules, larger businesses which are usually able to absorb larger overhead costs will pay higher fees than the small businesses with lower overhead costs.

Minnesota Statute § 14.115, Subd. 2 requires the Department to consider five methods of reducing the impact of the amendments on small business. The department has considered each of these five methods, and has determined that none of the methods for reducing the impact on small business is available.

1. Establish less stringent compliance or reporting requirements. Less stringent licensing requirements than those set forth in Minn. Stat. Ch. 183 are not within the Department's statutory authority.
2. Establish less stringent schedules for compliance or reporting. Minnesota Statute Ch. 183 requires one annual inspection of boilers per year. Any less stringent requirement could affect the safety

of life and property and is not within the Department's statutory authority to provide.

3. Consolidation or simplification of compliance and reporting. Nothing contained in the fee increase proposal affects current compliance or reporting requirements.
4. Establishment of performance standards to replace design or operational standards. This criterion does not apply to the proposed fee amendments.
5. Exemption of small business from any or all requirements. A boiler or pressure vessel in a small business could be operated unsafely or could be deteriorated to a condition which would render it unsafe without qualified operation or inspection. This could endanger the lives and property of the citizens of our state. An exemption would be contrary to the objective of Minn. Stat. Ch. 183. Proposed fee increases are necessary to continue the licensing of operators and provide inspections to ensure safety.

IMPACT ON PUBLIC BODIES

The estimated total cost of these amendments to public bodies does not exceed the \$100,000 threshold amount in Minn. Stat. § 14.11, Subd. 1. There should be no effect on public bodies for the proposed increase in license application, examination and renewal fees, as these fees only apply to individuals. The increase for inspections is estimated to impact public bodies as a group in the total amount of approximately \$2,500 per year.

APPROVAL BY COMMISSIONER OF FINANCE

The proposed amendments have been reviewed and approved by the Commissioner of Finance pursuant to Minn. Stat. § 16A.128, Subd. 1.

Dated: October 10, 1985.

Approved:

Charles P. Bueck
for
Commissioner of Finance