

## Justification For Proposed Rule Changes

### STATEMENTS OF NEED AND REASONABLENESS

4715.3150 and 4715.5900 FEES.

These changes would allow persons passing the plumber's licensing exams given in September of each year to become licensed for the remainder of the year while paying only one-half of the annual license fee. Minnesota Statutes, Section 144.122, permits the commissioner of health to adopt rules prescribing reduced fees for persons applying for licensure in the last three months of the license period. Section 144.122 also provides that the fees collected for licensure are to approximate the cost of administering the program. Since these people would not be licensed for a majority of the year, they would have less work to be inspected, fewer plans to be reviewed, and fewer administrative activities required, because of the shorter time period of licensure, resulting in less cost to administer the program on their behalf. Therefore, they should not have to pay for the plumbing program on an equal basis with people licensed the entire year.

Since no local units of government are affected by any of the rule changes discussed herein, there is no need to prepare a fiscal note as required in Minnesota Statutes § 14.131.

These changes would affect only a small percentage of the total number of licensed people. It is estimated that less than 100 applicants each year would pay the reduced fee while the total number of licenses is about 5,500. This

translates to an estimated reduction in revenue less than \$3,000 each year which is less than 1 percent of the total licensing revenue of the program.

Precedents have been established regarding such reduced fees. Currently, food, beverage and lodging establishments licensed by the Department of Health are permitted to pay only one-half the normal annual fee when they become licensed in the last quarter of the licensing year. In addition, the City of Minneapolis, which requires plumbers to be licensed by the city, has a fee schedule which allows quarterly reductions in the fee.

These changes would have only a positive effect on state businesses, and would be consistent with state law and with fee schedules for other types of licensing programs.

#### 4715.3170 REGISTRATION OF PLUMBER'S APPRENTICES.

A recent change in Minnesota Statutes, Section 326.401, (Minn. Laws, Chap. 402, Sec. 2, 1986) requires that ". . . A plumber's apprentice must be registered with the commissioner of health . . ." and allows that ". . . The Department of Health may assess fees to pay for the administration of the apprentice registration program."

To implement this new authority, the proposed rule requires each plumber's apprentices to pay a \$15 annual fee to cover the cost of the program, and also establishes the registration period to be from July 1 to June 30 of the subsequent year.

It is estimated that the total number of apprentices to be registered is about 1,200. It is estimated that this activity will require one professional and one clerical position funded at .15 full time equivalents each, plus processing expenses. Together, these are projected to result in total administrative costs of \$15,400 and \$16,350 respectively for FY1986 and FY1987.

Staff and Expense	<u>FY86</u>	<u>FY87</u>
Professional Staff (.15 FTE)	\$ 5,300	\$ 5,600
Clerical Staff (.15 FTE)	3,400	3,600
Registration Processing	6,700	7,150
Annual Cost	<u>\$15,400</u>	<u>\$16,350</u>

Revenue is estimated to be \$18,000 per year (1,200 registrants @ \$15.00). Thus, in accordance with Minnesota Statutes, Section 144.122, the fees expected to be collected should cover the cost of administering the program. Although projected revenues slightly exceed projected costs at this time, the number of registered apprentices (and thus the revenue) is expected to remain fairly constant while administrative costs are expected to increase. Also, since the projected number of registered apprentices is only an estimate, revenue may be less than projected.

The registration period will begin July 1 of each year to balance the total licensing work load. The Department of Health licenses plumbers and water conditioning installers and contractors on a calendar year basis, and gives licensing examinations in March and September.

The \$8 late fee for renewal is needed as an incentive to encourage timely registration, and to cover additional administrative costs of the special handling of the late registration payment. This fee is consistent with the

\$8 late fee now required for licensed plumbers and water conditioning installers and contractors. Late fees are collected from more than 7 percent of current licenses and could generate up to \$700 from plumber's apprentice registrants.