

Michigan Office of Administrative Hearings and Rules

Administrative Rules Division (ARD)

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**REGULATORY IMPACT STATEMENT
and COST-BENEFIT ANALYSIS (RIS)**

Agency Information:

Department name:

Licensing and Regulatory Affairs

Bureau name:

Bureau of Construction Codes

Name of person filling out RIS:

Amanda Johnson

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Rule Set Information:

ARD assigned rule set number:

2019-138 LR

Title of proposed rule set:

Elevator

Comparison of Rule(s) to Federal/State/Association Standard

1. Compare the proposed rules to parallel federal rules or standards set by a state or national licensing agency or accreditation association, if any exist.

There are no federal rules or standards set by a state or national licensing agency or accreditation association. The proposed rules update the Elevator rules.

A. Are these rules required by state law or federal mandate?

The rules are state law mandated under the authority of the Elevator Safety Board Act, Public Act 227 of 1967, which regulates the inspection, construction, installation, alteration, maintenance, repair, and operation of elevators and the licensing of elevator contractors, to regulate the construction, installation, alteration, maintenance, and repair of certain residential lifts, and to prescribe the functions of the director of the department of licensing and regulatory affairs. The Elevator Licensing Act, Public Act 333 of 1976, MCL 338.2153, states that in addition to the functions of the board provided in Act 227 of 1967, MCL 408.808(2), the board shall promulgate rules for the licensing and examination of elevator journeymen and for the periodic servicing and examination of elevators.

B. If these rules exceed a federal standard, please identify the federal standard or citation, describe why it is necessary that the proposed rules exceed the federal standard or law, and specify the costs and benefits arising out of the deviation.

The proposed rules do not exceed any federal standards.

2. Compare the proposed rules to standards in similarly situated states, based on geographic location, topography, natural resources, commonalities, or economic similarities.

These rules adopt by reference the following editions of the American Standards of Mechanical Engineers and the American National Standards Institute (ASME), the American National Standards Institute (ANSI), the American Society for Testing and Materials (ASTM), and National Fire Protective Association (NFPA):

ASME A17.1 2016: Safety Code for Elevators and Escalators
ASME A17.2 2017: Guide for Inspection of Elevators, Escalators, and moving walks.
ASME A17.3 2017: Guide for Inspections of Existing Elevators and Escalators.
ASME A17.6 2017: Standard for Elevator Suspension, Compensation, and Governor Systems.
ASME A18.1 2017: Safety Code Standard for Platform Lifts and Stairway Chairlifts.
ANSI A10.4 2016: Safety requirements for personnel hoist.
ASTM D2667-2008: Standard test method for biodegradability of alkylbenzene sulfonates.
ASTM F 714-2012: Standard specification for polyethylene (PE) plastic pipe (SDR-PR) based on outside diameter.

These rules are typical elevator standards that are adopted by most states including Illinois, Indiana, Minnesota, and Ohio.

A. If the rules exceed standards in those states, please explain why and specify the costs and benefits arising out of the deviation.

The American Standards of Mechanical Engineering and the American National Standards Institute are nationally recognized standards used throughout the United States as minimum safety standards for elevator installations, repairs, maintenance, and testing. Therefore, these rules do not exceed standards in other states.

3. Identify any laws, rules, and other legal requirements that may duplicate, overlap, or conflict with the proposed rules.

There are no federal, state, or local laws, rules, or other legal requirements that may duplicate, overlap, or conflict with the proposed rules.

A. Explain how the rules have been coordinated, to the extent practicable, with other federal, state, and local laws applicable to the same activity or subject matter. This section should include a discussion of the efforts undertaken by the agency to avoid or minimize duplication.

Accordingly, no coordination is necessary to ensure that duplication was avoided or minimized.

4. If MCL 24.232(8) applies and the proposed rules are more stringent than the applicable federally mandated standard, provide a statement of specific facts that establish the clear and convincing need to adopt the more stringent rules.

MCL 24.232(8) does not apply to this ruleset because there are no applicable federally mandated standards.

5. If MCL 24.232(9) applies and the proposed rules are more stringent than the applicable federal standard, provide either the Michigan statute that specifically authorizes the more stringent rules OR a statement of the specific facts that establish the clear and convincing need to adopt the more stringent rules.

MCL 24.232(9) does not apply because there is no applicable federal standard that regulates Elevator Safety.

Purpose and Objectives of the Rule(s)

6. Identify the behavior and frequency of behavior that the proposed rules are designed to alter.

The proposed rules are designed to update the ASME, ANSI, and ASTM for elevators and escalators. Adopting these standards will help the following: additional standards and methods for sumps and sump pump pits along with covers, pricing updates on code books, safety codes for existing elevators and escalators and website updates for codes.

ASME A17.1 2016: Additional standards/ methods for sumps and sump pump pits and covers.

ASME A17.2 2017: Guide for Inspection of Elevators, Escalators, and moving walks.

ASME A17.3 2017: Guide for Inspections of Existing Elevators and Escalators.

ASME A17.6 2017: Standard for Elevator Suspension, Compensation, and Governor Systems.

ASME A18.1 2017: Safety Code Standard for Platform Lifts and Stairway Chairlifts.

These rules are typical elevator standards that are adopted by all states.

ANSI A10.4 2016: Safety requirements for personnel hoist.

ASTM D2667-2008: Standard test method for biodegradability of alkylbenzene sulfonates.

ASTM F 714-2012: Standard specification for polyethylene (PE) plastic pipe (SDR-PR) based on outside diameter.

A. Estimate the change in the frequency of the targeted behavior expected from the proposed rules.

The proposed rules are designed to update the ASME, ANSI, and ASTM for elevators and escalators. Adopting these standards will help the following: additional standards and methods for sumps and sump pump pits along with covers, pricing updates on code books, safety codes for existing elevators and escalators and website updates for codes.

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ASTM D2667-2008: Standard test method for biodegradability of alkylbenzene sulfonates.

ASTM F 714-2012: Standard specification for polyethylene (PE) plastic pipe (SDR-PR) based on outside diameter.

These code updates will allow Michigan to be up to date on the codes listed above.

B. Describe the difference between current behavior/practice and desired behavior/practice.

The new proposed rule set adopts the ASME.

The proposed rules are designed to update the ASME, ANSI, and ASTM for elevators and escalators.

ASME A17.1 2016: Additional standards/ methods for sumps and sump pump pits and covers.

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ASME A18.1 2017: Safety Code Standard for Platform Lifts and Stairway Chairlifts.

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The desired behavior of the changes within this rule set is to streamline the actual practices and make sure they are consistent with the codes above. The changes within this rule set is to help the public have a better understanding of the rules with more clarification. These changes are to protect the safety and welfare of the people by regulating safety requirements and keeping the above standard provisions up to date within the State of Michigan.

C. What is the desired outcome?

The desired outcome of updating the Michigan Rules by updating the ASME, ANSI, and ASTM is to ensure that elevating devices are constructed, maintained, and inspected to the most current standards.

7. Identify the harm resulting from the behavior that the proposed rules are designed to alter and the likelihood that the harm will occur in the absence of the rule.

Without implementation of the proposed rules businesses may not be able to take advantage of new methods, materials, or technologies that are related to elevators and elevating devices, and the cost of some codes would be incorrect and not up to date.

A. What is the rationale for changing the rules instead of leaving them as currently written?

Changing the rules allows the department to help keep elevators and escalators safe and the trade up to date on code book pricing.

8. Describe how the proposed rules protect the health, safety, and welfare of Michigan citizens while promoting a regulatory environment in Michigan that is the least burdensome alternative for those required to comply.

The following codes ASME, ANSI, and ASTM are amended to bring the administrative application of the Elevator Safety rules in line with current standards and technologies.

Once the rule set is in line with current practices this will protect the health, safety, and welfare of Michigan citizens while promoting a regulatory environment in Michigan that is the least burdensome alternative for those required to comply.

This will help provide a structured and more uniformed process for the trade as well as establishing corrected code book pricing.

9. Describe any rules in the affected rule set that are obsolete or unnecessary and can be rescinded.

R 408.7054a is obsolete and unnecessary to have in the rule set and can be rescinded.

Fiscal Impact on the Agency

Fiscal impact is an increase or decrease in expenditures from the current level of expenditures, i.e. hiring additional staff, higher contract costs, programming costs, changes in reimbursements rates, etc. over and above what is currently expended for that function. It does not include more intangible costs for benefits, such as opportunity costs, the value of time saved or lost, etc., unless those issues result in a measurable impact on expenditures.

10. Please provide the fiscal impact on the agency (an estimate of the cost of rule imposition or potential savings for the agency promulgating the rule).

There is no additional fiscal impact to the agency.

11. Describe whether or not an agency appropriation has been made or a funding source provided for any expenditures associated with the proposed rules.

The proposed rules will not result in additional fiscal impact on the agency. Thus, there is no need for an additional appropriation or funding source as a result of the changes in the rules.

12. Describe how the proposed rules are necessary and suitable to accomplish their purpose, in relationship to the burden(s) the rules place on individuals. Burdens may include fiscal or administrative burdens, or duplicative acts.

The rules are necessary for the adopted codes to be updated to reflect current standards and design in the elevator industry. The rules will not place any burdens on individuals.

A. Despite the identified burden(s), identify how the requirements in the rules are still needed and reasonable compared to the burdens.

The amendments and deletions in the rule will clarify code requirements and update code book pricing which will make compliance less burdensome.

Impact on Other State or Local Governmental Units

13. Estimate any increase or decrease in revenues to other state or local governmental units (i.e. cities, counties, school districts) as a result of the rule. Estimate the cost increases or reductions for other state or local governmental units (i.e. cities, counties, school districts) as a result of the rule. Include the cost of equipment, supplies, labor, and increased administrative costs in both the initial imposition of the rule and any ongoing monitoring.

There is no anticipated increase or decrease in revenues to other state or local government units as a result of the proposed rules.

14. Discuss any program, service, duty, or responsibility imposed upon any city, county, town, village, or school district by the rules.

The proposed rules do not require any additional or new responsibilities on behalf of governmental units to be in compliance with the rules.

A. Describe any actions that governmental units must take to be in compliance with the rules. This section should include items such as record keeping and reporting requirements or changing operational practices.

The proposed rules do not require any additional or new responsibilities on behalf of governmental units to be in compliance with the rules.

15. Describe whether or not an appropriation to state or local governmental units has been made or a funding source provided for any additional expenditures associated with the proposed rules.

There is no appropriation to state or local governmental units required.

Rural Impact

16. In general, what impact will the rules have on rural areas?

The proposed rules do not have a negative impact on rural areas. Rural areas will have to follow these rules like any other area.

A. Describe the types of public or private interests in rural areas that will be affected by the rules.

There are many type of buildings in rural areas that include different types of elevators. These businesses must abide by the same rules and standards as every other business.

Environmental Impact

17. Do the proposed rules have any impact on the environment? If yes, please explain.

The proposed rules do not have any impact on the environment.

Small Business Impact Statement

18. Describe whether and how the agency considered exempting small businesses from the proposed rules.

The proposed rules provide no disproportionate economic impact on small businesses. Small businesses would not be exempt from these rules.

19. If small businesses are not exempt, describe (a) the manner in which the agency reduced the economic impact of the proposed rules on small businesses, including a detailed recitation of the efforts of the agency to comply with the mandate to reduce the disproportionate impact of the rules upon small businesses as described below (in accordance with MCL 24.240(1)(a-d)), or (b) the reasons such a reduction was not lawful or feasible.

Small businesses are not expected to be adversely affected by these rules.

A. Identify and estimate the number of small businesses affected by the proposed rules and the probable effect on small businesses.

Generally, the bureau does not expect small businesses to be affected by these proposed rules.

B. Describe how the agency established differing compliance or reporting requirements or timetables for small businesses under the rules after projecting the required reporting, record-keeping, and other administrative costs.

It is not practical to establish differing compliance or reporting requirements or timetables for small businesses.

There are no additional reporting, record keeping, or other administrative costs associated with the implementation of the proposed rules.

C. Describe how the agency consolidated or simplified the compliance and reporting requirements for small businesses and identify the skills necessary to comply with the reporting requirements.

The changes that have been made below are not only for small business but all businesses that comply with these rules.

R 408.7020 Licensed elevator contractor and elevator contracting company: If an elevator contracting company's ability to apply for permits is based on the qualification of employing full-time an individual who is licensed in this state as an elevator contractor, the termination or separation of employment of the licensed elevator contractor must result in the immediate suspension of the elevator contracting company's ability to obtain new permits.

R 408.7023b: Product acknowledgement: A letter on the manufacturer's letterhead, signed by an engineer who is employed by the manufacturer, must accompany the documentation. The letter must state that when installed per manufacturer specifications, the unit will comply with the applicable standards or codes, or both, that are adopted by reference in R 408.7003.

D. Describe how the agency established performance standards to replace design or operation standards required by the proposed rules.

There are no design or operation standards in the proposed rules.

20. Identify any disproportionate impact the proposed rules may have on small businesses because of their size or geographic location.

There is no disproportionate impact on small businesses.

21. Identify the nature of any report and the estimated cost of its preparation by small businesses required to comply with the proposed rules.

With the nature of the reporting stated above there are no anticipated reports or increased costs to small businesses that are required to comply with the proposed rules.

22. Analyze the costs of compliance for all small businesses affected by the proposed rules, including costs of equipment, supplies, labor, and increased administrative costs.

Small businesses are not expected to be adversely affected by the proposed rules, including costs of equipment, supplies, labor, and increased administrative costs.

23. Identify the nature and estimated cost of any legal, consulting, or accounting services that small businesses would incur in complying with the proposed rules.

There are no legal consulting or accounting service costs that small businesses would incur in complying with the proposed rules.

24. Estimate the ability of small businesses to absorb the costs without suffering economic harm and without adversely affecting competition in the marketplace.

There are no additional costs or harm anticipated with the proposed rules.

25. Estimate the cost, if any, to the agency of administering or enforcing a rule that exempts or sets lesser standards for compliance by small businesses.

The proposed rules do not exempt or set lesser standards for compliance by small businesses. There is no additional cost to the agency.

26. Identify the impact on the public interest of exempting or setting lesser standards of compliance for small businesses.

Exempting or setting lesser standards of compliance for small business with respect to these rules may have a negative effect on the health, safety, and welfare of the citizens of the State of Michigan.

27. Describe whether and how the agency has involved small businesses in the development of the proposed rules.

During the rules process the bureau first sends out a Code Proposal form to the public. This form allows anyone in the public to express what he or she likes and dislikes within the current rules set. Next, the bureau has a Public Advisory Meeting where anyone in the public is allowed to come express their concerns or likes about the new drafted rules. Lastly, the bureau also has a Formal Public Hearing which allows the public one last chance to come and express their feelings about the rules.

A. If small businesses were involved in the development of the rules, please identify the business(es).

Small elevator contractors were involved in the public session and the Bureau invited lobbyists representing small businesses to be notified and provide feedback in the rule making process.

Cost-Benefit Analysis of Rules (independent of statutory impact)

28. Estimate the actual statewide compliance costs of the rule amendments on businesses or groups.

The proposed rules will not result in statewide compliance costs of these rule amendments on businesses or groups.

A. Identify the businesses or groups who will be directly affected by, bear the cost of, or directly benefit from the proposed rules.

The businesses or groups that could possibly be directly affected by or benefit from these rules are: any building owner who has an elevating device in his or her building as well as businesses involved in the installation, alteration, and maintenance of elevators in the State.

B. What additional costs will be imposed on businesses and other groups as a result of these proposed rules (i.e. new equipment, supplies, labor, accounting, or recordkeeping)? Please identify the types and number of businesses and groups. Be sure to quantify how each entity will be affected.

The proposed rules will not add any additional costs on businesses and other groups.

29. Estimate the actual statewide compliance costs of the proposed rules on individuals (regulated individuals or the public). Include the costs of education, training, application fees, examination fees, license fees, new equipment, supplies, labor, accounting, or recordkeeping.

The proposed rules will not result in statewide compliance costs of these rules on regulated individuals.

A. How many and what category of individuals will be affected by the rules?

Any building owner with an elevating device in his or her building as well as the businesses involved in the installation, alteration, and maintenance of elevating devices in the State.

B. What qualitative and quantitative impact do the proposed changes in rules have on these individuals?

The proposed rules will not have a qualitative or quantitative impact on business.

30. Quantify any cost reductions to businesses, individuals, groups of individuals, or governmental units as a result of the proposed rules.

There are no cost reductions to businesses, individuals, groups of individuals, or governmental units as a result of the proposed rules.

31. Estimate the primary and direct benefits and any secondary or indirect benefits of the proposed rules. Please provide both quantitative and qualitative information, as well as your assumptions.

The proposed rules will provide greater clarity to the standards adopted under the rules and an increase in health and safety to the citizens of the State of Michigan and visitors.

32. Explain how the proposed rules will impact business growth and job creation (or elimination) in Michigan.

The proposed rules will not impact business growth or job creation in Michigan.

33. Identify any individuals or businesses who will be disproportionately affected by the rules as a result of their industrial sector, segment of the public, business size, or geographic location.

The bureau does not expect any business or individual to be disproportionately affected by these proposed rules.

34. Identify the sources the agency relied upon in compiling the regulatory impact statement, including the methodology utilized in determining the existence and extent of the impact of the proposed rules and a cost-benefit analysis of the proposed rules.

The bureau worked with the Elevator board and had an advisory meeting with stakeholders involved to help compile the regulatory impact statement, including determining the existence and extent of the impact of the proposed rules and the cost benefit analysis of these proposed rules.

A. How were estimates made, and what were your assumptions? Include internal and external sources, published reports, information provided by associations or organizations, etc., that demonstrate a need for the proposed rules.

The bureau relied on the Elevator Board and Stakeholders of the proposed rules.

Alternative to Regulation

35. Identify any reasonable alternatives to the proposed rules that would achieve the same or similar goals.

No reasonable alternatives to the proposed rules have been identified that would achieve the same or similar goals.

A. Please include any statutory amendments that may be necessary to achieve such alternatives.

There are no reasonable alternatives to the proposed rules that have been identified.

36. Discuss the feasibility of establishing a regulatory program similar to that proposed in the rules that would operate through private market-based mechanisms. Please include a discussion of private market-based systems utilized by other states.

The bureau is unaware of similar programs or private market-based systems in other states. It is not feasible to establish a regulatory program that would operate through private market-based mechanisms.

37. Discuss all significant alternatives the agency considered during rule development and why they were not incorporated into the rules. This section should include ideas considered both during internal discussions and discussions with stakeholders, affected parties, or advisory groups.

There are no significant alternatives presented for the bureau and rules review committee to consider.

Additional Information

38. As required by MCL 24.245b(1)(c), please describe any instructions regarding the method of complying with the rules, if applicable.

There are no instructions regarding the method of complying with the rules.