

**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:**

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**Rule Set Information:**

**ARD assigned rule set number:**

2022-55 LR

**Title of proposed rule set:**

Construction Code - Part 9A Mechanical Code

**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 that regulate construction codes. The proposed rules update the Part 9a. Mechanical rules, of the General Rules of the Construction Code as mandated by 1972 PA 230.

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

State law mandates these rules in MCL 125.1504(5), which states that the director shall add, amend, and rescind rules to update the Michigan Mechanical Code not less than once every 3 years to coincide with the national code change cycle. There are no federal mandates.

**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.**

There are no federal standards that regulate construction codes.

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

The proposed rules incorporate by reference the 2021 edition of the International Mechanical Code (IMC) with Michigan amendments, additions, or deletions published by the International Code Council (ICC). All the surrounding Great Lakes state follow the International Mechanical Code and have similar regulations. There are only an estimated three states in the whole United States that do not follow the IMC.

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

The International Mechanical Code is a nationally recognized model code used throughout the United States as a minimum standard for mechanical installations. The Michigan rules do not exceed the standard of any of the other Great Lake's 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.**

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

**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.**

There are no federal rules or standards that regulate construction codes. The proposed rules update the Part 9a Mechanical rules, of the General Rules of the Construction Code as mandated by 1972 PA 230.

**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.**

There are no federal rules or standards that regulate construction codes. The proposed rules update the Part 9a Mechanical rules, of the General Rules of the Construction Code as mandated by 1972 PA 230.

## **Purpose and Objectives of the Rule(s)**

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

These rules are administrative in nature and are being amended and added to bring the administrative application of the Michigan Mechanical Code rules in line with the actual practices. These rules protect the health, safety, and welfare of Michigan citizens by preventing improper installations of mechanical systems.

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

These rules are administrative in nature and are amended and added to bring the administrative application of the Michigan Mechanical Code rules in line with actual practices. These rules protect the health, safety, and welfare of Michigan citizens by preventing improper installations of mechanical systems. The changes will clarify code requirements which will make compliance less burdensome resulting in an easier interpretation of the provisions for individuals.

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

The desired behavior is to streamline the actual practices and make sure they are consistent with the Michigan Mechanical Code. Thus, providing an easier and better understanding of the rules with more clarification and interpretation.

**C. What is the desired outcome?**

The desired outcome is to bring the administrative application of the Michigan Mechanical Code rule in line with the actual practices, to eliminate unnecessary requirements in the code, and to have an easier interpretation and clarification of these codes.

**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.**

There is no harm anticipated from behavior related to the proposed rules and there is little likelihood that harm will occur in the absence of the proposed rules.

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

The purpose of the proposed rules is to give greater clarity to the code and to continue to protect public health and safety.

**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 proposed rules are administrative in nature and are amended and added to bring the administrative application of the Michigan Mechanical Code rules in line with actual practices. These rules protect the health, safety, and welfare of Michigan citizens by preventing improper installations of mechanical systems. The changes will clarify code requirements which will make compliance less burdensome.

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

R 408.30902a, R 408.30908a, R 408.30910a, R 408.30912a, R 408.30927a, R 408.30947a and R 408.30948 are being rescinded because the committee decided to go with the International Mechanical Code language.

## **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 beyond the current operational costs.

### **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 because of the changes to 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 proposed rules are administrative in nature and are amended and added to bring the administrative application of the Michigan Mechanical Code rules in line with actual practices. These rules protect the health, safety, and welfare of Michigan citizens by preventing improper installations of mechanical systems. The changes will clarify code requirements which will make compliance less burdensome.

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

The amendments will clarify code requirements 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 governmental units because of the proposed rules. Therefore, other state or local governmental unit should also not accumulate cost increase or reductions of such equipment, supplies, labor, and administrative costs during the initial imposition of the rule and ongoing monitoring.

### **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 continued 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 continued 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 for state or local governmental units; neither was there a funding source for any additional expenditures associated with the proposed rules.

## Rural Impact

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

The proposed rules do not have any impact on rural areas.

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

The proposed rules do not have any impact on public or private interests in rural areas.

## Environmental Impact

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

The following rule: R 408.30906a(j)(2) has an impact on the environment due to the installing of a geothermal vertical closed loop (VCL), a type of heat exchanger used with many geothermal heat pump systems. They are often drilled to a depth of several hundred feet and penetrate drinking water aquifers.

## 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 business 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.

The bureau does not expect small businesses to be affected by these proposed 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.

Small businesses are not expected to be adversely affected by these rules. There is 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 compliance and reporting requirements are unchanged.

### 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.

The proposed rules have no disproportionate impact on small businesses because of their size or geographic location.

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

There are no reports required for small businesses 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.

There is no additional cost of compliance for small businesses because of these rules.

### 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 beyond the current operational cost.

**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.**

The bureau involved small businesses through the rules review committee process.

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

Small business participation on the committee included mechanical contractors, Heating, Ventilating, and Air Conditioning suppliers, professional engineers, the public, and inspectors.

**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 who could possibly be directly affected by or directly benefit by these rules are mechanical contractors; heating, ventilating, and air conditioning suppliers; professional engineers; inspectors; and the public, bear the cost of, or directly benefit from the proposed rules.

**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 rule amendments on individuals.

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

The category of individuals that could possibly be directly by these rules are mechanical contractors; heating, ventilating, and air conditioning suppliers; professional engineers; inspectors; and the public.

**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 individuals.

**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 because 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 code and an increase in health and safety to the citizens of the State of Michigan and its 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 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 board and stakeholders when determining the existence and extent of the impact 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 proposed rules are implemented through regulatory agencies at the state and local level. There are mechanisms for third-party inspection as specified in the State Construction Code Act, PA 230 of 1972. There is no way to establish a program like what the rules establish that would operate solely 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 were 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.**

Instructions regarding MCL 24.245b(1)(c) is not applicable to the Mechanical part 9 rule set.