

APPENDIX A

ECONOMIC IMPACT STATEMENT

A. Estimated Private Sector Cost Impacts

3. **Enter the number of businesses impacted:** DIR estimates 26,674 businesses will be impacted.

Estimate the number or percentage of total businesses impacted that are small businesses: Based on the U.S. Census Bureau, there are approximately 4.2 million businesses in California. In addition, the Small Business Advocacy reports 3.6 million small businesses in California. Based on this information, DIR estimates approximately 86 percent are small businesses.

B. Estimated Costs

The existing rate structure is comprised of two different hourly inspection fees and a separate permit fee (see table below). The current hourly rate for Shop, Field and Resale Inspection Program fees is \$135.00. The hourly rate for Air Tank, Liquefied Petroleum Gas (L.P.G.) Tank, and Boiler Permit Inspection Program is \$160.00. The Air Tank, LPG Tank and Boiler Permit to Operate Program fee is \$15.00 per permit. This regulatory change will create a single inspection fee of \$150.00 per hour and increase the permit fee to \$45.00.

Proposed Fee Changes

<u>Inspection Type</u>	Current	Proposed	Difference
Shop, Field & Resale	\$135.00/Hr	\$150.00/Hr	\$15.00/Hr
Tank, L.P.G. & Boiler	\$160.00/Hr	\$150.00/Hr	-\$10.00/Hr

Permits

Permit Fee	\$15/permit	\$45/permit	\$30.00/permit
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B.1. What are the total statewide dollar costs that businesses and individuals may incur to comply with this regulation over its lifetime?

Please reference the tables below for all remaining responses.

Estimated Inspection Hours

<u>Inspection Type</u>	15/16 Actual	16/17 Actual	Ave
Shop, Field & Resale	5,856	5,107	5,482
Tank, L.P.G. & Boiler	15,643	19,331	17,487
Totals	21,499	24,438	22,969

Inspection Type	Cost Impact		
	Other (14%)	Small (86%)	Total
Shop, Field & Resale	\$11,511	\$70,711	\$82,222
Tank, L.P.G. & Boiler	-24,482	-150,388	-174,870
Totals	-\$12,971	-\$79,677	-\$92,648
Permit Fees	\$147,979	\$909,011	\$1,056,990
Grand Totals	\$135,008	\$829,334	\$964,342

The Division will almost certainly charge an hourly inspection fee for as long as the Pressure Vessel Unit is required to inspect and certify pressure vessels. In other words, the impact of this fee regulation is indeterminate in duration, and the \$150 hourly inspection fee and \$45 permit fee will continue until Sections 344, 344.1 and 344.2 are amended in the future. The Division cannot predict what the total statewide costs will be *over the lifetime* of the proposed regulation. However, at a net billing rate of \$15 per hour for Shop, -\$10 per hour for Tank inspections, an average of 22,969 inspection hours per year, and a \$30 increase to permit fees, the Division anticipates a net impact of \$964,000 per year.

- a. What are the initial costs for a small business? What are its annual ongoing costs? For how many years will it incur these costs?

The proposed rulemaking simply increases an already-existing inspection fee. It does not require the purchase of new equipment or training or technology, so will not involve “initial costs” as that term is commonly understood. However, based on the above tables, DIR estimates an impact of \$829,000 to small businesses.

- b. What are the initial costs for a typical business? What are its annual ongoing costs? For how many years will it incur these costs?

As indicated above, the proposed rulemaking does not involve “initial costs”. However, based on the above tables, DIR estimates an impact of \$135,000 per year.

FISCAL IMPACT STATEMENT

B. Fiscal Effect on State Government

B.4. Other. Explain.

Please see cost impact table above. DIR estimates that additional revenues for the Pressure Vessel Unit will be \$964,000 annually.