

Michigan Department of Licensing and Regulatory Affairs  
**Office of Regulatory Reinvention**  
111 S. Capitol Ave.; 4<sup>th</sup> Floor, Romney Building  
PO Box 30004; Lansing, MI 48909  
Phone (517) 335-8658 FAX (517) 335-9512

**REGULATORY IMPACT STATEMENT  
and  
COST-BENEFIT ANALYSIS**

**PART 1: INTRODUCTION**

In accordance with the Administrative Procedures Act (APA) [1969 PA 306], the department/agency responsible for promulgating the administrative rules must complete and submit this form electronically to the Office of Regulatory Reinvention (ORR) no less than (28) days before the public hearing [MCL 24.245(3)-(4)]. Submissions should be made by the departmental Regulatory Affairs Officer (RAO) to **orr@michigan.gov**. The ORR will review the form and send its response to the RAO (see last page). Upon review by the ORR, the agency shall make copies available to the public at the public hearing [MCL 24.245(4)].

Please place your cursor in each box, and answer the question completely.

**ORR-assigned rule set number:**

2012-009 LR

**ORR rule set title:**

Elevator Rules

**Department:**

Department of Licensing and Regulatory Affairs

**Agency or Bureau/Division**

Bureau of Construction Codes-Elevator Division

**Name and title of person completing this form; telephone number:**

Shannon Matsumoto, Rules Analyst (517) 241-6312

**Reviewed by Department Regulatory Affairs Officer:**

Liz Arasim  
Department of Licensing and Regulatory Affairs

## **PART 2: APPLICABLE SECTIONS OF THE APA**

### **MCL 24.207a “Small business” defined.**

Sec. 7a.

“Small business” means a business concern incorporated or doing business in this state, including the affiliates of the business concern, which is independently owned and operated and which employs fewer than 250 full-time employees or which has gross annual sales of less than \$6,000,000.00.”

### **MCL 24.240 Reducing disproportionate economic impact of rule on small business; applicability of section and MCL 24.245(3).**

Sec. 40.

(1) When an agency proposes to adopt a rule that will apply to a small business and the rule will have a disproportionate impact on small businesses because of the size of those businesses, the agency shall consider exempting small businesses and, if not exempted, the agency proposing to adopt the rule shall reduce the economic impact of the rule on small businesses by doing all of the following when it is lawful and feasible in meeting the objectives of the act authorizing the promulgation of the rule:

- (a) Identify and estimate the number of small businesses affected by the proposed rule and its probable effect on small businesses.
- (b) Establish differing compliance or reporting requirements or timetables for small businesses under the rule after projecting the required reporting, record-keeping, and other administrative costs.
- (c) Consolidate, simplify, or eliminate the compliance and reporting requirements for small businesses under the rule and identify the skills necessary to comply with the reporting requirements.
- (d) Establish performance standards to replace design or operational standards required in the proposed rule.

(2) The factors described in subsection (1)(a) to (d) shall be specifically addressed in the small business impact statement required under section 45.

(3) In reducing the disproportionate economic impact on small business of a rule as provided in subsection (1), an agency shall use the following classifications of small business:

- (a) 0-9 full-time employees.
- (b) 10-49 full-time employees.
- (c) 50-249 full-time employees.

(4) For purposes of subsection (3), an agency may include a small business with a greater number of full-time employees in a classification that applies to a business with fewer full-time employees.

(5) This section and section 45(3) do not apply to a rule that is required by federal law and that an agency promulgates without imposing standards more stringent than those required by the federal law.

**MCL 24.245 (3)** “Except for a rule promulgated under sections 33, 44, and 48, the agency shall prepare and include with the notice of transmittal a **regulatory impact statement** containing...” (information requested on the following pages).

[**Note:** Additional questions have been added to these statutorily-required questions to satisfy the **cost-benefit analysis** requirements of Executive Order 2011-5.]

### PART 3: DEPARTMENT/AGENCY RESPONSE

Please place your cursor in each box, and provide the required information, using complete sentences. Please do not answer the question with “N/A” or “none.”

#### Comparison of Rule(s) to Federal/State/Association Standards:

(1) Compare the proposed rule(s) to parallel federal rules or standards set by a state or national licensing agency or accreditation association, if any exist. Are these rule(s) required by state law or federal mandate? If these rule(s) exceed a federal standard, please identify the federal standard or citation, and describe why it is necessary that the proposed rule(s) exceed the federal standard or law, and specify the costs and benefits arising out of the deviation.

These rules are required by state law; no federal rules or standards exist.

(2) Compare the proposed rule(s) to standards in similarly situated states, based on geographic location, topography, natural resources, commonalities, or economic similarities. If the rule(s) exceed standards in those states, please explain why, and specify the costs and benefits arising out of the deviation.

These rules adopt by reference the following editions of the American Standards of Mechanical Engineers:

**ASME A17.1 2010** Safety Code for Elevators and Escalators:

**ASME A17.2 2012** Guide for Inspection of Elevators, Escalators, and Moving walks,

**ASME A17.6-2010** Standard for Elevator Suspension, Compensation and Governor Systems

**ASME A17.7-2007-** Performance-Based Safety Code for Elevators and Escalators

**ASME A18.1-2011** Safety Code Standard for Platform Lifts, and Stairway Chairlifts.

**ASME A90.1-2009** Safety Standard for Belt Manlifts.

These are nationally recognized standards used throughout the United States as a minimum safety standard 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 rule(s). Explain how the rule has 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.

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

(4) Identify the behavior and frequency of behavior that the proposed rule(s) are designed to alter. Estimate the change in the frequency of the targeted behavior expected from the proposed rule(s). Describe the difference between current behavior/practice and desired behavior/practice. What is the desired outcome?

#### **R 408.7003- Applicability of National Standards.**

**(iii)-** Adoption of ASME A17.6 will provide an additional method/standard for suspension means to be approved for use in Michigan. The desired outcome is to provide a means for elevator manufacturers to gain approval for their newly developed suspension means.

**(iv)-** Adoption of ASME A17.7 will provide an additional method for new elevating devices to be approved for installation in Michigan. The desired outcome is to provide a means for elevator manufacturers to gain approval for their newly developed elevating devices; we anticipate this would

become a routine process for elevator manufacturers.

**R 408.7011 (e)- Frequency of inspections.** This rule establishes the frequency of inspection by a general elevator inspector of once every 24 months for private residence inclined elevators installed under the requirements of PA 227 of 1967, Sections 408.806(2) and 408.806(3), which allows for use by up to 20 families and their guests.

*Per Michigan Elevator Rule 408.7002 (h) "Private residence elevator" means any elevating device installed in or at a private residence or installed in a building as a means of access to a private residence within such building, provided the elevator is installed so that it is not accessible to the general public or to other occupants in the building. The use is restricted to the owner and the owner's immediate family and nonpaying guests. All other elevating device installations shall be classified as commercial. "*

Private residence units are not subject to inspections and commercial inclined elevators require an annual inspection. The Elevator Code Committee felt the units installed under the requirements of PA 227 of 1967, Sections 408.806(2) and 408.806(3), cannot be classified as either commercial or residential; therefore, it was decided it would be prudent to require biennial inspections on this unit to ensure the safety of its riders due to the level of ridership.

**R408.7019- Fees.** This rule establishes a fee of \$125 for inspection of private residence inclined elevators installed under the requirements of PA 227 of 1967, Sections 408.806(2) and 408.806(3), for use by up to 20 families and their guests.

**R 408.7020- Supervising employees.** This change clarifies that an elevator company as well as the licensed contractor are both responsible for code compliance. It is not anticipated that this rule will affect the behavior or frequency of behavior.

**R 408.7021- Renewal of contractor's licenses and commissions.** This rule establishes a late fee of \$20 for licensed contractors who do not renew prior to expiration but within 60 days after the date of expiration. It also allows the Elevator Safety Board to allow a license to be renewed without examination upon payment of a \$100 reinstatement fee. It is anticipated this rule will decrease this behavior.

**R 408.7023- Appeals to the board.** Increases the appeal fee to \$200. It is not anticipated that this rule will affect the behavior or frequency of behavior.

**R 408.7023a- Variance requests.** Establishes a \$75 variance request fee. It is not anticipated that this rule will affect the behavior or frequency of behavior.

**R408.7023b- Product approval.** Establishes a \$75 application fee and a review charge of \$75 per hour for product/device approvals. It is not anticipated that this rule will affect the behavior or frequency of behavior.

**R 408.7025 (d)- Service and examination of power elevators; frequency; exceptions.** Currently maintenance and service by a licensed elevator journeyman is not required on private residence inclined elevators. This rule will require that private residence inclined elevators which were installed under the requirements of PA 227 of 1967, Sections 408.806(2) and 408.806(3), for use by up to 20 families and their guests to be serviced and examined at least once every 180 days. This rule is being put into place to protect the riders of this unit. A commercial inclined elevator is required to be serviced and examined at least once every 90 days.

**R 408.7030- Elevator and Escalator Monitoring** This rule was modified to allow for monitoring means to be used to initiate car and hall landing calls or to secure floors from access. The ability to initiate a car call from a remote location can now be used to ensure the proper functioning of an elevator. The previous rule did not allow for this. The Bureau believes allowing this function would increase public safety by ensuring the proper functioning of the elevator. It is not anticipated that this rule will affect the behavior or frequency of behavior.

**R 408.7031a- ASME A17.7/CSA B44.7.** The language in this rule was modified to allow for compliance with A17.7-2007, Performance-Based Safety Code for Elevators and Escalators, and notes that if there is an exception to, addition to, or an amendment of an ASME A17.1 code section the Michigan elevator rules shall govern over the corresponding section in ASME A17.7. The desired outcome is to provide a means for elevator manufacturers to gain approval for their newly developed elevating devices. The

Bureau anticipates this would become a routine process for elevator manufacturers.

**R 408.7032- Machinery space, machine rooms, control spaces, and control rooms.** “Machine” changed to “machinery.” This allows other elevator equipment to be located in the “machinery” space/room.

**R 408.7034- Enclosure of machine rooms and machinery spaces.**

For electric elevators, this rule was modified to define where the main disconnect can be located for newly developed machine room-less elevators where the controller is located in the elevator hoistway. It is not anticipated these changes will affect the behavior or frequency of behavior.

**R408.7041- Machinery spaces, machine rooms, control spaces, and control rooms.** For hydraulic elevators, this rule was modified to define where the main disconnect can be located for newly developed machine room-less elevators where the controller is located in the elevator hoistway. It is not anticipated these changes will affect the behavior or frequency of behavior.

**R 408.7051- Type of operation.** This rule was modified to allow for constant pressure buttons and switches to be used on private residence inclined elevators. The previous rule required constant pressure key switches which can sometimes be hard for people to use. It is not anticipated that this rule will affect the behavior or frequency of behavior.

**R 408.7055a- Periodic test.** Currently, safety tests are not required on private residence inclined elevators. This rule would require that private residence inclined elevators which were installed under the requirements of PA 227 of 1967, Sections 408.806(2) and 408.806(3), for use by up to 20 families and their guests be tested per the requirements in ASME A17.1-2010 (full load safety test once every 5 years).

**R 408.7060a- Private residence elevators and private residence inclined elevators.** For private residence inclined elevators which were installed under the requirements of PA 227 of 1967, this rule defines what devices/components on the unit need to be inspected and how the inspections shall be conducted.

**R 408.7071- Location.** The language in this rule was changed to better reflect current industry practices, provide for an easier method of compliance, and still help ensure the safety of the workers utilizing jobsite personnel hoists. The previous rules were hard to regulate; also, if a crane is locked into position during high winds it can be damaged and holds the potential of endangering more lives. It is not anticipated that this rule will affect the behavior or frequency of behavior.

(5) Identify the harm resulting from the behavior that the proposed rule(s) are designed to alter and the likelihood that the harm will occur in the absence of the rule. What is the rationale for changing the rule(s) and not leaving them as currently written?

**R 408.7003 (iii)-** The harm presented by not adopting this standard would be that new technologies would not be as easily approved for use in Michigan.

**(iv)-** Adoption of this rule would provide a structured, uniform process for verifying the safety of and gaining acceptance for new elevating devices based on new technology. The harm to Michigan and its citizens by not adopting this rule would be falling behind technology.

**R 408.7011 (e)-** Inspection of this device is proposed to ensure the safety of its riders. Since this unit can be used by up to 20 families and their guests it likely will be used much more than a unit installed in a private residence. Safety is the rationale.

**R408.7019-** Establishes inspection fee for private residence inclined elevators.

**R 408.7021-** The rule establishes fees for not renewing a contractors license prior to expiration and provides a means for contractors that did not renew their license by the expiration date to be granted reinstatement without testing, upon approval by the Elevator Safety Board and payment of a reinstatement fee.

**R 408.7023-** The Bureau would not recover the costs involved in this process.

**R 408.7023a-** The Bureau would not recover the costs involved in this process.

**R 408.7023b-** The Bureau would not recover the costs involved in this process.

**R 408.7025 (d)-** Required service and maintenance by a licensed elevator journey person is being proposed to ensure the safety of its riders. Since this unit can be used by up to 20 families and their guests it likely will be used much more than a unit installed in a private residence. Safety is the

rationale.

**R 408.7030-** Monitoring devices can be used to initiate a car call from a remote location to ensure the proper functioning of an elevator car.

**R 408.7031a-** This rule spells out that when a Michigan rule makes an exception to, an addition to, or an amendment of an ASME A17.1 code section the Michigan rule shall govern the corresponding rule in A17.7. This rule is meant as a clarification for manufacturers.

**R 408.7032-** This rule allows other elevator equipment to be located in the “machinery” space/room.

**R 408.7034-** For electric elevators, this modification defines where the main disconnect can be located for machine room-less elevators where the controller is located in the elevator hoistway. This is a safety issue for elevator journeypersons in performing proper lock-out, tag-out procedures and for safely extricating passengers from an elevator. If this rule was not in place journeypersons and the riding public could possibly be put in harm’s way.

**R408.7041-** For hydraulic elevators, this modification defines where the main disconnect can be located for machine room-less elevators where the controller is located in the elevator hoistway. This is a safety issue for elevator journeypersons in performing proper lock-out, tag-out procedures and for safely extricating passengers from an elevator. If this rule was not in place journeypersons and the riding public could possibly be put in harm’s way.

**R 408.7051-**This rule was modified to allow for constant pressure buttons and switches to be used on residence inclined elevators. Key switches were the only means previously allowed. If a person is significantly handicapped they may not have the ability to turn a key and hold it in position for an extended period of time.

**R 408.7055a-** Required safety testing of this device is being proposed to ensure the safety of its riders. Since this unit can be used by up to 20 families and their guests it likely will be used much more than a unit installed in a private residence. Safety is the rationale.

**R 408.7060a** Inspection of this device is proposed to ensure the safety of its riders. Since this unit can be used by up to 20 families and their guests it likely will be used much more than a unit installed in a private residence. Safety is the rationale.

**R 408.7071-** The language in this rule was changed to better reflect industry practices, provide for easier method of compliance, and still help ensure the safety of the riders of personnel hoists. The previous rules were hard to regulate; also, if a crane is locked into position during high winds it can be damaged and possibly endanger more lives.

(6) Describe how the proposed rule(s) 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.

**R 408.7003-** To provide a structured, uniform process for verifying the safety of and gaining acceptance of new elevating devices based on new technology.

**R 408.7011-** With biennial inspections, the rider is better protected.

**R408.7019-** Establishes inspection fees for private residence inclined elevators.

**R 408.7020-** This rule change would allow elevator companies to continue serving their customers while in the process of hiring a supervising elevator contractor. All work done on elevating devices must be done by a Michigan licensed elevator journeyperson.

**R 408.7021-** Encourages elevator contractors to keep their licenses current.

**R 408.7023-** Fee change- no impact.

**R 408.7023a-** Variance request procedure and fee - no impact.

**R408.7023b-** Produce approval procedure and fee- no impact.

**R 408.25 (d)-** With required service and examination the rider is better protected.

**R 408.7030** Monitoring devices can be used to initiate a call from a remote location to ensure the proper functioning of an elevator.

**R 408.7031a** To provide a structured, uniform process for verifying the safety of and gaining acceptance of new elevating devices based on new technology.

**R 408.7032** This rule allows other elevator equipment to be located in the “machinery” space/room.

**R 408.7034-** For electric elevators this rule is an extension of current rules which require machine rooms

to be located within 25 feet of the elevator hoistway. This rule addresses newly designed elevators where the controller is located in the hoistway. In keeping the main disconnect within a reasonable distance the riding public is better served in emergency situations, and the journey person servicing the elevator is better served when working on the unit.

**R 408.7041-** For hydraulic elevators, this rule is an extension of current rules which require machine rooms to be located within 25 feet of the elevator hoistway. This rule addresses newly designed elevators where the controller is located in the hoistway. In keeping the main disconnect within a reasonable distance the riding public is better served in emergency situations, and the journey person servicing the elevator is better served when working on the unit.

**R 408.7051-** This change allows for a more user friendly method to be used.

**R 408.7055a-** With required safety tests the rider is better protected.

**R 408.7060a-** With required inspections the rider is better protected.

**R 408.7071-** This rule was modified to ensure the safety of workers riding personnel hoists on the job site and to provide for a less restrictive means of compliance.

(7) Describe any rules in the affected rule set that are obsolete, unnecessary, and can be rescinded.

The following rules are rescinded: **R 408.7035, R 408.7036, R 408.7037, R 408.7040, R 408.7044, R 408.7050, R 408.7063, R 408.7064, R 408.7065, R 408.7066a, R 408.7067**

#### **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, an increase in the cost of a contract, programming costs, changes in reimbursement rates, etc. over and above what is currently expended for that function. It would not include more intangible costs or benefits, such as opportunity costs, the value of time saved or lost, etc., unless those issues result in a measurable impact on expenditures.

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

There is no negative fiscal impact to the agency. The proposed changes to R 408.7023, R 408.7023a, and R 408.7023b will help recover some of the cost involved in handling appeals to the board, variance requests, and product approvals.

(9) Describe whether or not an agency appropriation has been made or a funding source provided for any expenditures associated with the proposed rule(s).

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 to the rules.

#### **Impact on Other State or Local Governmental Units:**

(10) 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 on other state or local governmental units (i.e. cities, counties, school districts) as a result of the rule. Please include the cost of equipment, supplies, labor, and increased administrative costs, in both the initial imposition of the rule and any ongoing monitoring.

The proposed rule set will not increase or decrease revenue for other state or local governmental units.

(11) Discuss any program, service, duty or responsibility imposed upon any city, county, town, village, or school district by the rule(s). Describe any actions that governmental units must take to be in compliance with the rule(s). This section should include items such as record keeping and reporting requirements or changing operational practices.

The proposed rule set imposes no additional responsibility on any city, county, town, village or school district.

(12) 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 rule(s).

The proposed rule set requires no additional appropriations to state or local governmental units.

**Rural Impact:**

(13) In general, what impact will the rules have on rural areas? Describe the types of public or private interests in rural areas that will be affected by the rule(s).

The proposed rule set will have no impact on rural areas.

**Environmental Impact:**

(14) Do the proposed rule(s) have any impact on the environment? If yes, please explain.

The proposed rule set does not have any impact on the environment.

**Small Business Impact Statement:**

*[Please refer to the discussion of “small business” on page 2 of this form.]*

(15) Describe whether and how the agency considered exempting small businesses from the proposed rules.

The proposed rule set does not impose any additional requirements for small businesses so exempting them was deemed unnecessary. Also, as the proposed rule set is based on safe practices, it would not be in the best interest of the public to hold small businesses to a lesser standard.

(16) If small businesses are not exempt, describe (a) the manner in which the agency reduced the economic impact of the proposed rule(s) 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 rule(s) 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 proposed rule set is based on safe practices. It would not be feasible to exempt small business. In general, the Bureau does not believe the proposed rule set will economically impact small businesses. If a small business chooses to appeal a decision, asks for a variance, or asks for a product approval Rules **R 408.7023**, **R 408.7023a**, & **R 408.7023b** may impact them minimally.

(A) Identify and estimate the number of small businesses affected by the proposed rule(s) and the probable effect on small business.

The proposed rules regulate all elevators/elevating devices in Michigan, with the exception of elevators located in the city of Detroit. The Bureau has no way of determining how many elevators/elevating devices are located in “small businesses,” however, the Bureau does not anticipate that these rules would have any specific effect on small businesses.

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

The proposed rule set is based on safe practices. It would not be in the best interest of the public to hold small businesses to a lesser standard. There are no reporting requirements for large or small businesses.

(C) Describe how the agency consolidated or simplified the compliance and reporting requirements and identify the skills necessary to comply with the reporting requirements.

There are no reporting requirements for small or large companies.

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

The agency did not establish performance standards, but rather is adopting national standards already in use by elevator companies.

(17) Identify any disproportionate impact the proposed rule(s) may have on small businesses because of their size or geographic location.

The proposed rule set does not disproportionately impact small businesses.

(18) Identify the nature of any report and the estimated cost of its preparation by small business required to comply with the proposed rule(s).

The proposed rule set does not require any reports be submitted.

(19) Analyze the costs of compliance for all small businesses affected by the proposed rule(s), including costs of equipment, supplies, labor, and increased administrative costs.

The Bureau does not anticipate these rules would impose any additional cost on small businesses. The rules apply to alterations and new installations and in many cases provide more installation options than were previously available. This gives businesses greater flexibility to choose lower cost installation options.

(20) Identify the nature and estimated cost of any legal, consulting, or accounting services that small businesses would incur in complying with the proposed rule(s).

Small businesses should not incur any additional legal, consulting, or accounting services as a result of adopting the proposed rule set.

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

The proposed rules do not increase fees for small businesses. The rules apply to alterations and new installations and in many cases provide more installation options than were previously available. This gives businesses greater flexibility to choose lower cost installation options.

(22) 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 rule set does not exempt or lessen standards for small businesses, so there would be no additional cost to the agency.

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

Setting lesser standards could compromise public safety. The standards for elevating devices are the same regardless of business size and are established to assure public safety.

(24) Describe whether and how the agency has involved small businesses in the development of the proposed rule(s). If small business was involved in the development of the rule(s), please identify the business (es).

The Elevator Code Committee has 7 voting members representing, Elevator Manufacturers, the Elevator Constructor's Union, Owners/Users, and Class A, Class C, Union and Non-Union, Large and Small Elevator Contractors. Small businesses were represented by Wright & Filippis and McNally Elevator.

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

(25) Estimate the actual statewide compliance costs of the rule amendments on businesses or groups. Identify the businesses or groups who will be directly affected by, bear the cost of, or directly benefit from the proposed rule(s). 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.

**R 408.7011 (e)-, R408.7019-Fees, R 408.7025 (d), R 408.7055a –Periodic Tests, R 408.7060a Private Residence Elevators-** For private residence inclined elevators installed under the requirements of PA 227 of 1967, Sections 408.806(2) and 408.806(3), for use by up to 20 families and their guests, this new rule set proposes service and maintenance to be performed by a licensed elevator journeyman every 180 days, for a general elevator inspector to perform a safety inspection on the unit every 2 years, and for the applicable safety tests to be done in accordance with the requirements specified in 8.11.2 and 8.11.3 of ASME A17.1. Service and maintenance is approximately \$140.00 per visit with repairs being extra. A full load safety test which would be required every 5 years costs approximately \$750. Also proposed is Inspection by a General Elevator Inspector every 2 years; the current cost of this inspection is \$180.00. There are currently 3 devices installed under this rule in Michigan.  
 $\$140 \times 2 = \$ 280$  per year for service & maintenance  
 $\$180 / 2 = \$ 90$  Per year for biennial inspection  
 $\$750 / 5 = \$ 150$  Full load safety test fee broken down into per year charge.  
 $\$520$  per year / 20 families = \$26 per year per family

**R 408.7040-** Rescinding this rule eliminates the requirement for elevators to have a “stand alone” fire alarm initiating device. It is anticipated there would be a cost savings by eliminating the stand alone system.

(26) Estimate the actual statewide compliance costs of the proposed rule(s) on individuals (regulated individuals or the public). Please include the costs of education, training, application fees, examination fees, license fees, new equipment, supplies, labor, accounting, or recordkeeping). How many and what category of individuals will be affected by the rules? What qualitative and quantitative impact does the proposed change in rule(s) have on these individuals?

For regulated individuals and the public, there are no additional training, application fees, examination fees, or increased labor mandated to comply with these rules. The adoption of the rules provides an additional method/standard for newly developed devices to get approved for installation in Michigan. **R408.7023b- Product approval.** Establishes a fee for product/device approvals. This fee is proposed as a means for the Bureau to recover the costs involved in this process. This will be an added cost for elevator manufacturers but the Bureau believes this will also encourage manufacturers to submit complete and accurate information with their submittals which would reduce the amount of time spent on product reviews, thus getting their newly developed product approved and available sooner.

(27) Quantify any cost reductions to businesses, individuals, groups of individuals, or governmental units as a result of the proposed rule(s).

The adoption of ASME A17.6 & A17.7 provide additional methods of compliance; therefore, elevator manufacturers may realize a cost reduction. The rules may also produce cost reduction in other ways. First, equipment must be properly maintained, which extends the life of elevating devices. Second, fewer accidents assure lower insurance costs. Also, compliance with requirements of the Americans with Disabilities Act (ADA) and the American National Standard for Accessible and Usable Building and Facilities should reduce or eliminate legal fees associated with elevator accessibility issues.

(28) Estimate the primary and direct benefits and any secondary or indirect benefits of the proposed rule(s). Please provide both quantitative and qualitative information, as well as your assumptions.

The adoption of national standards assures that elevating devices are constructed, maintained, and

inspected to the most current standards. It is essential to establish standards that address new technology and innovative equipment and address problem areas that have been identified with the use of existing or older standards. This allows owners to use the latest technology and standards to assure public safety. Secondary or indirect benefits would be cost savings in legal fees and property damage from the failure of an unsafe elevator. Compliance with requirements of the ADA and the American National Standard for Accessible and Usable Buildings and Facilities should reduce or eliminate legal fees associated with accessibility issues and help reduce the court backlog.

(29) Explain how the proposed rule(s) will impact business growth and job creation (or elimination) in Michigan.

The Bureau does not believe the proposed rules will significantly affect job creation. However, adoption of ASME A17.7 & A17.6 would provide an additional method for new elevating devices to be approved for installation in Michigan and better reflect the methods and standards elevator companies are currently using for the design and manufacture of elevators. In many cases this provides for more installation options than were previously available. This gives businesses greater flexibility to choose lower cost installation options.

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

No individual or business will be disproportionately affected by the proposed rules.

(31) 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 a proposed rule(s) and a cost-benefit analysis of the proposed rule(s). How were estimates made, and what were your assumptions? Include internal and external sources, published reports, information provided by associations or organizations, etc., which demonstrate a need for the proposed rule(s).

Discussions with major elevator manufacture representatives. Input from the Elevator Code Committee members, including 2 representatives of small business. Conversation with other ASME Committee members. Dialogue at National Association of Elevator Safety Authorities meeting with other jurisdictional authorities. Phone conversations with local elevator representatives and comments by Elevator Safety Board Members.

### **Alternatives to Regulation:**

(32) Identify any reasonable alternatives to the proposed rule(s) that would achieve the same or similar goals. In enumerating your alternatives, please include any statutory amendments that may be necessary to achieve such alternatives.

The Bureau does not believe there are any reasonable alternatives to the proposed rules. The rules adopt the national standards used throughout the elevator industry. .

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

Discussions with elevator manufacturers and companies have revealed that they do not want to be responsible for regulating and inspecting their own equipment. The elevator companies have said regulating and inspecting the equipment that they install or maintain could be seen as a conflict of interest which would result in greater liability for their company and could reduce their profitability.

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

No significant alternatives were discussed.

**Additional Information**

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

Not applicable.

**PART 4: REVIEW BY THE ORR**

**Date Regulatory Impact Statement (RIS) received:**

03-29-2013

<b>Date RIS approved:</b>	03-29-2013
<b>ORR assigned rule set number:</b>	2012-009 LR

<b>Date of disapproval:</b>	Explain:
<b>More information needed:</b>	Explain: