

ADMINISTRATIVE RULES Fiscal Estimate & Economic Impact Analysis

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| <p>1. Type of Estimate and Analysis <input checked="" type="checkbox"/> Original <input type="checkbox"/> Updated <input type="checkbox"/> Corrected</p> | <p>2. Date 09/19/2024 - DRAFT</p> |
| <p>3. Administrative Rule Chapter, Title and Number (and Clearinghouse Number if applicable) Chapter NR 146 - Water Well Driller, Heat Exchange Driller, and Pump Installer Licensing and Registration; Drilling Rig Operator License</p> | |
| <p>4. Subject Revisions related to water well driller, heat exchange driller, and pump installer licensing and registration, and drilling rig operator registration (DG-04-23)</p> | |
| <p>5. Fund Sources Affected <input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEG-S</p> | <p>6. Chapter 20, Stats. Appropriations Affected N/A</p> |
| <p>7. Fiscal Effect of Implementing the Rule <input type="checkbox"/> No Fiscal Effect <input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Increase Costs <input checked="" type="checkbox"/> Decrease Costs <input type="checkbox"/> Indeterminate <input type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Could Absorb Within Agency's Budget</p> | |
| <p>8. The Rule Will Impact the Following (Check All That Apply) <input type="checkbox"/> State's Economy <input checked="" type="checkbox"/> Specific Businesses/Sectors <input type="checkbox"/> Local Government Units <input type="checkbox"/> Public Utility Rate Payers <input checked="" type="checkbox"/> Small Businesses (if checked, complete Attachment A)</p> | |
| <p>9. Estimate of Implementation and Compliance to Businesses, Local Governmental Units and Individuals, per s. 227.137(3)(b)(1). \$0</p> | |
| <p>10. Would Implementation and Compliance Costs Businesses, Local Governmental Units and Individuals Be \$10 Million or more Over Any 2-year Period, per s. 227.137(3)(b)(2)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> | |
| <p>11. Policy Problem Addressed by the Rule The primary objectives of revisions to ch. NR 146, Wis. Adm. Code, are to correct, clarify, and streamline annual license and registration renewal application processes. Specific objectives include: A. Correct errors and omissions. B. Create and amend definitions as needed to improve understanding and to clarify rule intent. C. Provide greater flexibility in continuing education attendance requirements. D. Leverage available technology to streamline annual renewal application processing. E. Amend prerequisite requirements to improve driller license attainability without degrading competency.</p> | |
| <p>12. Summary of the Businesses, Business Sectors, Associations Representing Business, Local Governmental Units, and Individuals that may be Affected by the Proposed Rule that were Contacted for Comments. An Advisory Committee with members representing well drillers, heat exchange drillers, pump installers, the Wisconsin Water Well Association and the Wisconsin Geothermal Association met on 4 occasions from December of 2023 through August of 2024 to discuss proposed revisions for the rule. Meeting outcomes were summarized and shared with the committee. Contact was also made by phone and email over the course of these deliberations.</p> | |
| <p>13. Identify the Local Governmental Units that Participated in the Development of this EIA. This rule does not impact local government units. No local governmental units participated in the development of this economic impact assessment (EIA).</p> | |
| <p>14. Summary of Rule's Economic and Fiscal Impact on Specific Businesses, Business Sectors, Public Utility Rate Payers, Local Governmental Units and the State's Economy as a Whole (Include Implementation and Compliance Costs Expected to be Incurred)</p> | |

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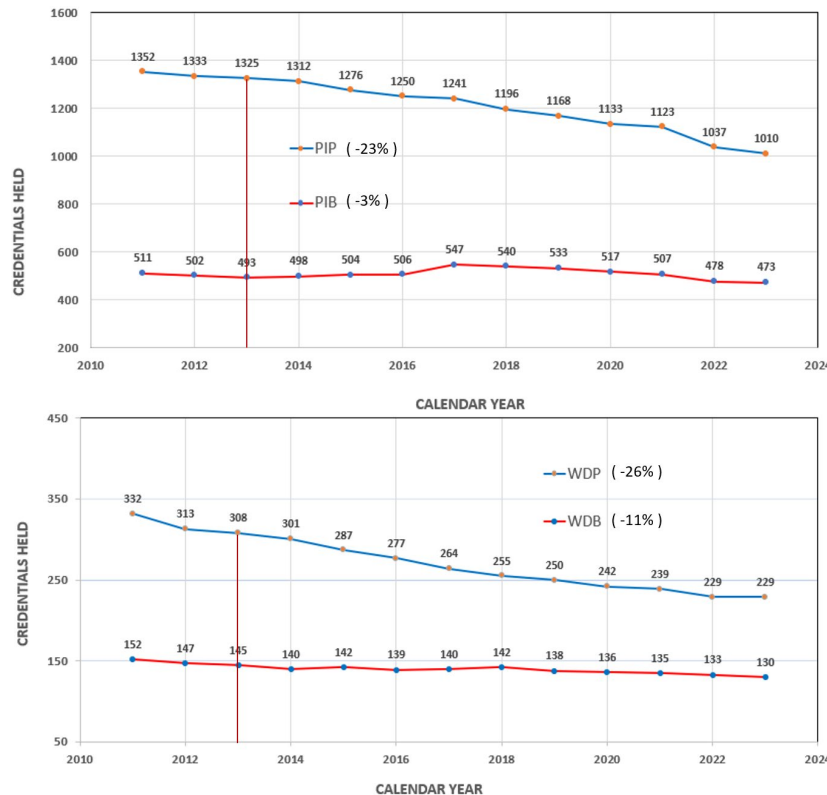
The total economic impact is estimated to be \$0 per year. The proposed rule implementation will not have economic impact on business sectors, public utility rate payers, local governmental units, and the state economy. In fact, the implementation of proposed rule leads to an estimated savings of 544 processing hours and total estimated cost savings for the WI Department of Natural Resources of \$15,776 in the first two years of the rule's implementation (estimated cost savings of \$7,888 per year).

15. Benefits of Implementing the Rule and Alternative(s) to Implementing the Rule

The proposed rule would clarify rule language where it is difficult to discern intent. Definitions of key terms have been created and existing definitions amended where needed to improve understanding.

Attrition in individuals authorized to carryout drilling and pump installing activities for private well owners throughout the state of Wisconsin was a major consideration in development of the proposed rule. In the period from 2013 to 2023, the well drilling industry experienced a 23% drop in licensed pump installers, a 26% drop in licensed water well drillers and a 32% drop in licensed heat exchange drillers (Figure 1). Advisory Committee members attributed the decline to age of the workforce, lack of interest on the part of potential applicants, need for competitive pay, and start-up costs. Other factors included dissatisfaction with current continuing education venues, a lack of knowledge of successful business practices, and the general public's perception of the industry. The department was strongly advised by the Advisory Committee not to lower driller education and experience prerequisite license requirements to reverse this trend by making it easier for an applicant to obtain a driller license.

Figure 1: Wisconsin Driller & Pump Installer Licensing Trends: Active Credentials Held by Calendar Year



Notes:

PIP – Pump Installer License
 PIB – Pump Installing Business Registration

WDP – Water Well Driller License
 WDB – Water Well Drilling Business

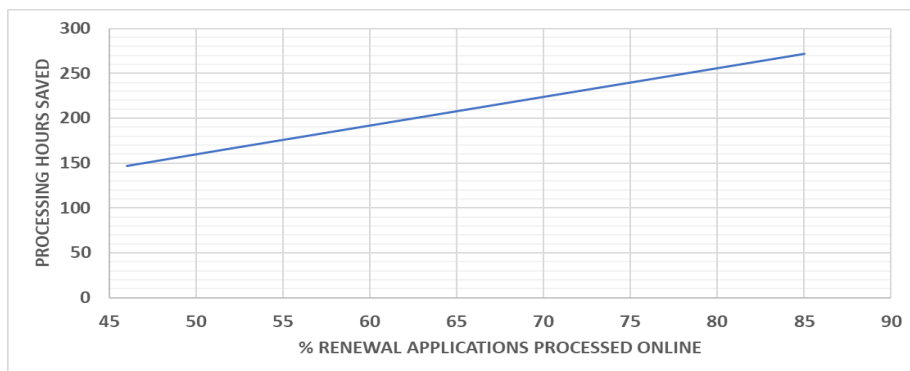
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The proposed rule would address driller license prerequisite requirements that became effective on January 1, 2020, and that have made attainment of the driller license more difficult for some applicants. The overall health of the well drilling industry would benefit by the department’s approval of a wider scope of topics for continuing education, including sessions that provide training in business practice. More successful drilling businesses will result in more licensed individuals who are authorized to provide private water well services to Wisconsinites. Providing a grace period for fulfilling continuing education attendance requirements outside of the current calendar year would assist those who fail to complete attendance on time due to personal hardship or extenuating circumstances.

Outside of these benefits to the regulated community, the department would experience savings in administrative costs by requiring applicants to use available online resources to process annual renewal applications. The rule proposes mandatory online processing of renewal applications. The proposed rule also creates a waiver of the mandatory online renewal to allow for paper-based renewal applications by U.S. mail for those who cannot renew online for reasons beyond their control. With this waiver option, the proposed rule would not impact a small business that does not own a computer or does not have internet access, which is the case in some counties of northern Wisconsin. Those granted a waiver from the online renewal requirement must adhere to an accelerated continuing education completion deadline to facilitate department processing of applications submitted by mail.

The department’s Operator Certification program provided an estimate of department administrative time saved by online renewals processed for the 2023 calendar year. The number of renewal applications processed online for 2023 was 727, while 859 were paper-based applications submitted by U.S. mail and processed manually. An estimated 145 staff-hours were saved when the online renewal adoption rate was at 46%. Assuming that mandatory online renewal provides an adoption rate of 85% and extrapolating further, Figure 2 shows that the savings in staff-hours to the department is estimated to be 272 staff-hours each year. Assuming an hourly rate of \$29, about \$7,888 ($\$29 \times 272$ staff-hours) will be saved each year from the rule implementation.

Figure 2: Percent of renewal applications processed online vs. staff-hours saved



Greater adoption of online renewal processing will reduce applications that are received by mail and processed manually by department staff. The online renewal option has been available to the Private Water regulated community since late 2019 when renewals began to be processed for the 2020 calendar year. With the exception of those processed for the 2023 calendar year, the number of applications processed online has increased year-to-year as shown in Figures 3 and 4.

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Figure 3: Online vs. Mailed Renewal Application Processing

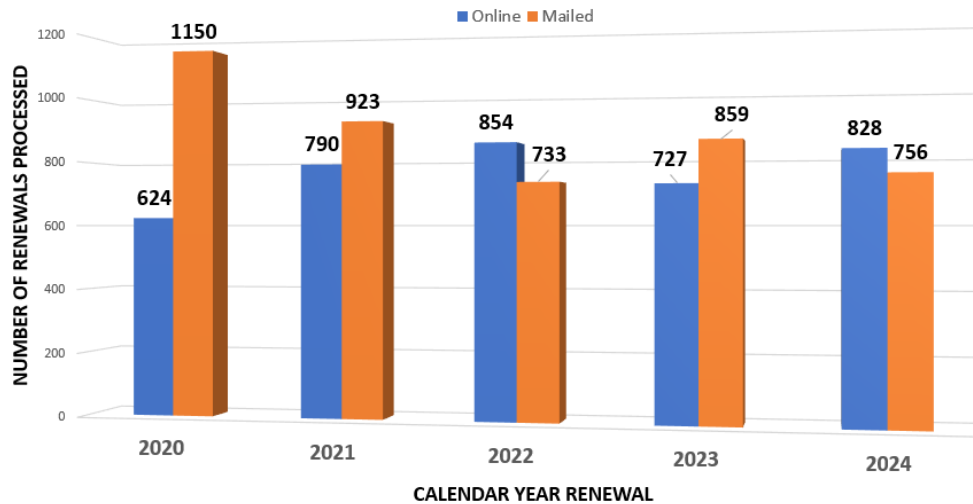
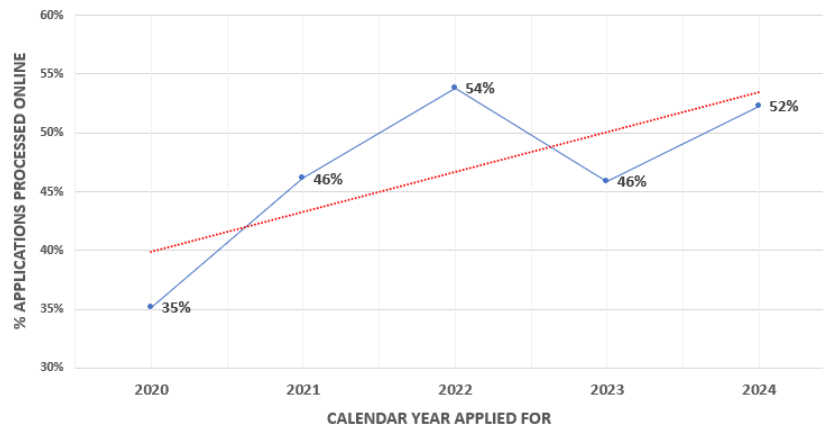


Figure 4: Percentage of Renewals Processed Online by Calendar Year



16. Long Range Implications of Implementing the Rule

- The proposed rule creates a grace period for licensed individuals to complete continuing education. This will result in fewer credential holders losing a license due to expiration. This would positively influence the number of licensed drillers and pump installers and help to reverse the declining trend in licensing data. Amending licensing prerequisite requirements to reduce impediments to exam eligibility will have the same effect.
- Accepting a wider range of training topics, including business practices, for continuing education credit will result in a more versatile Wisconsin drilling and pump installer industry where credential holders are knowledgeable in how to run a successful business. Improved continuing education access will result in better alignment of the individual’s competency with the activities that are authorized by the license held.

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- Increasing online annual renewal of credentials will result in staff having more time to invest in activities that provide greater value to the department and its customers.

- Clarifying rule language will improve driller and pump installer understanding of the requirements and result in Wisconsin's private well owners receiving better quality service from the regulated community. Understanding where responsibility lies when water well work is completed under contractual agreements will reduce burden to the well owner if a problem should arise following completion of drilling and pump installing activities.

17. Compare With Approaches Being Used by Federal Government

Private well construction and pump installation are not regulated by the federal government. There is no comparable federal government approach to this rule.

18. Compare With Approaches Being Used by Neighboring States (Illinois, Iowa, Michigan and Minnesota)

Illinois:

Agency: *Illinois Department of Health*

Renewal cycle: *One year renewal cycle, 2-year continuing education cycle*

Continuing Education/Renewal eligibility requirement: *One continuing education session attended within the past 2 years. One session consists of 6 contact hours*

Renewals processing method: *Online or by mail using forms provided*

Iowa:

Agency: *Iowa Department of Natural Resources*

Renewal cycle: *Two-year renewal cycle, 2-year continuing education cycle*

Continuing Education/Renewal eligibility requirement: *Sixteen contact hours each 2-year cycle.*

Renewals processing method: *By mail using forms provided*

Michigan:

Agency: *Department of Environment, Great Lakes, and Energy*

Renewal cycle: *One-year renewal cycle; no continuing education cycle*

Continuing Education/Renewal eligibility requirement: *No continuing education attendance is required.*

Renewals processing method: *By mail using forms provided*

Minnesota:

Agency: *Minnesota Department of Health*

Renewal cycle: *One year renewal cycle, One-year continuing education cycle*

Continuing Education/Renewal eligibility requirement: *Two hours for pump installing, heat exchange drilling and filling & sealing licenses, 6-hours for Full Environmental Well license.*

Renewals processing method: *By mail using forms provided*

19. Contact Name

Bob Gundrum

20. Contact Phone Number

(920) 946-1149

This document can be made available in alternate formats to individuals with disabilities upon request.

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ATTACHMENT A

1. Summary of Rule's Economic and Fiscal Impact on Small Businesses (Separately for each Small Business Sector, Include Implementation and Compliance Costs Expected to be Incurred)

No costs to small business are expected. The provisions of the rule are expected to be beneficial to small businesses, as described below.

2. Summary of the data sources used to measure the Rule's impact on Small Businesses

No attempt was made to quantify impacts to small business.

3. Did the agency consider the following methods to reduce the impact of the Rule on Small Businesses?

- Less Stringent Compliance or Reporting Requirements
- Less Stringent Schedules or Deadlines for Compliance or Reporting
- Consolidation or Simplification of Reporting Requirements
- Establishment of performance standards in lieu of Design or Operational Standards
- Exemption of Small Businesses from some or all requirements
- Other, describe:

4. Describe the methods incorporated into the Rule that will reduce its impact on Small Businesses

Included in the rule is a grace period allowing for completion of required annual continuing education attendance outside of the current calendar year. This measure will prevent small business owners from facing loss of license in times of personal hardship or extenuating circumstances that interfere with completion of continuing education attendance required for license renewal eligibility.

5. Describe the Rule's Enforcement Provisions

Chapter NR 146 has citation authority for noncompliant activities such as engaging in business without a license. No changes to enforcement provisions have been made in the proposed rule.

6. Did the Agency prepare a Cost Benefit Analysis (if Yes, attach to form)

- Yes No
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