MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION
SFN 2053 (2/85) 5M

ROLL NUMBER

DESCRIPTION

1143

2001 HOUSE INDUSTRY, BUSINESS AND LABOR

HB 1143

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1143

House Industry, Business and Labor Committee

☐ Conference Committee

Hearing Date Jan 16, 2001

Tape Number	Side A	Side B	Meter #
1	X	X	40.75-6.30
Committee Clerk Signature			

Minutes: Chairman R. Berg, Vice-Chair G. Keiser, Rep. M. Ekstrom, Rep. R. Froelich, Rep. G. Froseth, Rep. R. Jensen, Rep. N. Johnson, Rep. J. Kasper, Rep. M. Klein, Rep. Koppang, Rep. D. Lemieux, Rep. B. Pietsch, Rep. D. Ruby, Rep. D. Severson, Rep. E. Thorpe.

Commissioner James Poolman: *Insurance Commissioner* I would like to introduce the ND Insurance Department.

- -Carol Kessel/ Chief Financial Examiner
- -Sue Anderson/ Legal Advisor
- -Doug Holloway/ Dept Insurance Com
- -Bob Reitz/ Chief Boiler Inspector
- -Jeff Bitz/ Director of Special Programs

Jeff Bitz: **written testimony in support of bill**

Rep Klein: In section 3, rather than take out info on dollar amount, can we put in a range?

Bitz: Currently we do have fee caps but the don't cover all expenses.

Rep Klein: Why don't we change the fee caps?

Bitz: That could be an option.

Rep Ekstrom: Are we aiming for a break-even point, and, how much will the fees go up?

Bitz: Yes, we are trying to break even and we currently have a deficit of $100,000 that is being funded by the Fire and Tornado Fund. We'd like to increase certificate fees to owners by an additional five dollars.

Rep Froelich: How many of these are we talking about?

Bob Reitz: There are currently 8,401 active objects inspected. Of those 55% (4,632) are not insured and 45% (3,769) are.

Rep Severson: What might the fee be per boiler or per inspection to compensate losses?

Jeff Bitz: Adding a $5 certificate fee would bring in an annual increase of $22,000.

Rep Ruby: I see it as more logical to raise the cap fee. Would you have a problem with that?

Bitz: Not so much a problem, we'd just like to put all the fees in one place.

Rep Koppang: How often do the boilers get inspected and does the State Fire and Tornado have their own inspectors or do they hire out?

Bitz: The insurance department has 3 inspectors that handle the entire state.

Reitz: Intervals are based on unit. High pressure boilers are inspected twice a year and low pressure boilers are inspected once every couple years. We do approximately 2,400 inspections a year and the insurance companies do roughly 1,900 a year.

Rep Froseth: If fees increase, eventually will the overall budget reduce?

Reitz: First we'd try to cover the loss of our fund, after that we'll have to check into further.

Commissioner Poolman: Our goal is not to have this be a money maker for the department, we'd just like to break even. We'll come up with setting fees by law.

Chairman Berg: We close the hearing on HB 1143 and wait to hear back from you.

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1143

House Industry, Business and Labor Committee

☐ Conference Committee

Hearing Date Jan 17, 2001

Tape Number	Side A	Side B	Meter #
2	X	X	52.87-4.0
Committee Clerk Signature			

Minutes: Chairman R. Berg, Vice-Chair G. Keiser, Rep. M. Ekstrom, Rep. R. Froelich, Rep. G. Froseth, Rep. R. Jensen, Rep. N. Johnson, Rep. J. Kasper, Rep. M. Klein, Rep. Koppang, Rep. D. Lemieux, Rep. B. Pietsch, Rep. D. Ruby, Rep. D. Severson, Rep. E. Thorpe.

Closed Hearing

Rep Ruby: **written testimony** I feel they've filled their obligations and I support this bill.

Rep Klein: It was evident that they were losing money on this and with the caps in place it is safe to raise the fees. I've very comfortable with this.

Rep Ruby: The cost effects those asking for the inspection. This will justify the drive time, off-time, and work time.

Rep Klein: I move the amendment.

Vice-Chairman Keiser: I second.

Rep Klein: I move a do pass.

Rep Ruby: I second. **13 yeas, 0 nays, 2 absent Carrier Rep Ruby**

FISCAL NOTE

Requested by Legislative Council
01/24/2001

REVISION

Bill/Resolution No.:

Amendment to: HB 1143

1A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	$0	$0	$46,000	$0	$46,000	$0
Expenditures	$0	$0	$0	$0	$0	$0
Appropriations	$0	$0	$0	$0	$0	$0

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
$0	$0	$0	$0	$0	$0	$0	$0	$0

2. **Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

The amendments increase certain fees for inspecting boilers which will increase revenues to the general fund by an estimated $23,000 annually or $46,000 for the biennium.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*
   A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

See No. 2 above.

   B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

None

   C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

None

Name:	Charles E. Johnson	**Agency:**	Insurance Department
Phone Number:	328-2440	**Date Prepared:**	01/24/2001

FISCAL NOTE

Requested by Legislative Council
01/24/2001

Bill/Resolution No.:

Amendment to: HB 1143

1A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	$0	$0	$0	$0	$0	$0
Expenditures	$0	$0	$0	$0	$0	$0
Appropriations	$0	$0	$0	$0	$0	$0

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
$0	$0	$0	$0	$0	$0	$0	$0	$0

2. **Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

No financial impact on agency appropriation is anticipated.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*
   A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

   B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

   C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

Name:	Charles E. Johnson	**Agency:**	Insurance Department
Phone Number:	328-2440	**Date Prepared:**	01/24/2001

FISCAL NOTE

Requested by Legislative Council
12/26/2000

Bill/Resolution No.: HB 1143

Amendment to:

1A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	$0	$0	$0	$0	$0	$0
Expenditures	$0	$0	$0	$0	$0	$0
Appropriations	$0	$0	$0	$0	$0	$0

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
$0	$0	$0	$0	$0	$0	$0	$0	$0

2. **Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

No financial impact on agency appropriation is anticipated.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*
   A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

   B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

   C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

Name:	Charles E. Johnson	**Agency:**	Insurance Department
Phone Number:	328-2440	**Date Prepared:**	01/08/2001

Prepared by the North Dakota
Insurance Department
January 16, 2001

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1143

Page 3, line 8, overstrike "inspected by the chief boiler inspector"

Page 3, line 9, overstrike "which must be determined by the"

Page 3, line 10, overstrike "commissioner" and after the period insert "Inspection fees must be determined by the commissioner. Certificate fees are determined by section 26.1-22.1-10."

Page 3, line 14, remove the overstrike from "~~Not more than one hundred dollars may be charged or collected for any one inspection~~" and after "hundred" insert "fifty"

Page 3, remove the overstrike from lines 15 and 16

Page 3, line 17, remove the overstrike from "~~special inspections made upon request. All~~" and remove "The commissioner must determine and may"

Page 3, line 18, remove "annually adjust a fee scale for all"

Page 3, line 20, remove the overstrike from "~~must be charged at a rate not to exceed~~", after "two" insert "three", remove the overstrike from "~~hundred~~", after "~~eighty-five~~" insert "fifty", remove the overstrike from "~~dollars per day or~~", and after "~~one~~" insert "two"

Page 3, line 21, remove the overstrike from "~~hundred~~" and remove the overstrike from "~~dollars per half day of four hours or less, plus payment for mileage, meals, and~~"

Page 3, remove the overstrike from line 22 and after "54-06-09" and before the period insert ", except that the mileage rate for a state-owned vehicle will be the actual amount incurred by the commissioner"

Page 3, line 23, remove the overstrike from "~~of a reciprocal commission card for a special inspector is~~", after "~~twenty~~" insert "twenty-five", and remove the overstrike from "~~dollars and the annual fee for~~"

Page 3, line 24, remove the overstrike from "~~the issuance of a welder qualified card is ten dollars~~" and remove "and for the annual fee for the issuance of"

Page 3, line 25, remove "an inspector's reciprocal commission card and a welder's qualification card"

Page 3, line 31, remove the overstrike from "~~of~~", after "~~fifteen~~" insert "twenty", and remove the overstrike from "~~dollars~~"

Renumber accordingly

Date: 1-17-01
Roll Call Vote #: 1

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. ~~Click here to type Bill/Resolution No.~~ 1143

House Industry, Business and Labor Committee

☐ Subcommittee on
or
☐ Conference Committee

Legislative Council Amendment Number 18167.0101

Action Taken Do Pass w/ Amendments

Motion Made By Klein Seconded By Ruby

Representatives	Yes	No	Representatives	Yes	No
Chairman- Rick Berg	✓		Rep. Jim Kasper	✓	
Vice-Chairman George Keiser	✓		Rep. Matthew M. Klein	✓	
Rep. Mary Ekstorm	✓		Rep. Myron Koppang	✓	
Rep. Rod Froelich	✓		Rep. Doug Lemieux	✓	
Rep. Glen Froseth	✓		Rep. Bill Pietsch	✓	
Rep. Roxanne Jensen	✓		Rep. Dan Ruby	✓	
Rep. Nancy Johnson	✓		Rep. Dale C. Severson		
			Rep. Elwood Thorpe		

Total (Yes) 13 No 0

Absent 2

Floor Assignment Rep Ruby

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE (410)
January 19, 2001 2:31 p.m.

Module No: HR-07-1326
Carrier: Ruby
Insert LC: 18167.0101 Title: .0200

REPORT OF STANDING COMMITTEE

HB 1143: Industry, Business and Labor Committee (Rep. Berg, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (13 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING). HB 1143 was placed on the Sixth order on the calendar.

Page 3, line 8, overstrike "inspected by the chief boiler inspector"

Page 3, line 9, overstrike "which must be determined by the"

Page 3, line 10, overstrike the first "commissioner" and after the period insert "Inspection fees must be determined by the commissioner. Certificate fees are determined by section 23.1-22.1-10."

Page 3, line 14, remove the overstrike over "~~Not more than one hundred~~" and insert immediately thereafter "fifty" and remove the overstrike over "~~dollars may be charged or collected for any one inspection~~"

Page 3, remove the overstrike over lines 15 and 16

Page 3, line 17, remove the overstrike over "~~special inspections made upon request. All~~" and remove "The commissioner must determine and may"

Page 3, line 18, remove "annually adjust a fee scale for all"

Page 3, line 20, remove the overstrike over "~~must be charged at a rate not to exceed~~", after "~~two~~" insert "three", remove the overstrike over "~~hundred~~", after "~~eighty-five~~" insert "fifty", remove the overstrike over "~~dollars per day or~~", and after "~~one~~" insert "two"

Page 3, line 21, remove the overstrike over "~~hundred~~" and remove the overstrike over "~~dollars per half-day of four hours or less, plus payment for mileage, meals, and~~"

Page 3, line 22, remove the overstrike over "~~hotel expenses as allowed by sections 44-08-04 and 54-06-09~~" and insert immediately thereafter ", except that the mileage rate for a state-owned vehicle will be the actual amount incurred by the commissioner" and remove the overstrike over "~~. The annual fee for the issuance~~"

Page 3, line 23, remove the overstrike over "~~of a reciprocal commission card for a special inspector is~~", after "~~twenty~~" insert "twenty-five", and remove the overstrike over "~~dollars and the annual fee for~~"

Page 3, line 24, remove the overstrike over "~~the issuance of a welder qualified card is ten dollars~~" and remove "and for the annual fee for the issuance of"

Page 3, line 25, remove "an inspector's reciprocal commission card and a welder's qualification card"

Page 3, line 31, remove the overstrike over "~~of~~", after "~~fifteen~~" insert "twenty", and remove the overstrike over "~~dollars~~"

Renumber accordingly

2001 SENATE INDUSTRY, BUSINESS AND LABOR

HB 1143

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1143

Senate Industry, Business and Labor Committee

☐ Conference Committee

Hearing Date February 19, 2001.

Tape Number	Side A	Side B	Meter #
1	x		16.8 to 38.9
(Feb 21/01 2	x		14.1 to 19.5
Committee Clerk Signature Delis E Perez			

Minutes:

The meeting was called to order. All committee members present. Hearing was opened on HB 1143 relating to fees for inspections of boilers.

Jeff Bitz, Fire and Tornado Fund Administrator, in favor of bill as amended by the House. Written testimony attached. Intent to correct error in section 1; clarify section 2; and increase fee cap for inspections and inspection certificates. If bill passes operational deficit would be reduced.

Senator Espegard: Why the alarming deficit?

J Bitz: Fees have not been raised since 92' or 93', fee caps have not changed and costs have Increased.

Robert Reetz, ND Insurance Dept. Explained to the committee the intervals for the inspections, kind of inspections done, kinds of boilers inspected and billing process. Distributed list of inspection fees.

Senator Krebsbach: Where does the balance come from to cover the losses?

R Reetz: The fire and tornado fund.

Leah K Coghlan, American Insurance Assn., in favor of this bill, urge do pass.

No opposing testimony. Committee requested profit and loss statement. Hearing closed.

Feb. 21/01 Tape 2-A-14.1 to 19.5

Committee reconvened. Discussion held. Profit and loss statement reviewed.

Senator Mathern: Motion: do pass. **Senator Espegard**: Second

Roll call vote: 7 yes; 0 no. Motion carried. Floor assignment: **Senator Every**.

Date: 2/21/01
Roll Call Vote #:

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1143

Senate Industry, Business and Labor Committee

☐ Subcommittee on _____
or
☐ Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass

Motion Made By Sen Mathern Seconded By Sen Espegard

Senators	Yes	No	Senators	Yes	No
Senator Mutch - Chairman	✓		Senator Every	✓	
Senator Klein - Vice Chairman	✓		Senator Mathern	✓	
Senator Espegard	✓				
Senator Krebsbach	✓				
Senator Tollefson	✓				

Total (Yes) 7 No 0

Absent 0

Floor Assignment Sen Every

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE (410)
February 21, 2001 1:49 p.m.

Module No: SR-32-4228
Carrier: Every
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HB 1143, as engrossed: Industry, Business and Labor Committee (Sen. Mutch, Chairman) recommends **DO PASS** (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HB 1143 was placed on the Fourteenth order on the calendar.

2001 TESTIMONY

HB 1143

HOUSE BILL NO. 1143

Presented by: **Jeff Bitz**
Fire and Tornado Fund Administrator

Before: **Industry, Business and Labor Committee**
Representative Rick Berg, Chairman

Date: **January 16, 2001**

TESTIMONY

Mr. Chairman and members of the committee:

My name is Jeff Bitz and I am the Administrator of the North Dakota Fire and Tornado Fund (Fund) administered by the Insurance Department. The Fire and Tornado Fund oversees the Boiler Inspection Program. I apoear in favor of House Bill No. 1143.

Section 1 - Amendment

This change corrects an error originating from changes made in 1995. Subsection 3 is really part of subsection 2 and does not apply to subsection 1.

Section 2 - Amendment

We currently charge a special inspection fee to insurance companies for an inspection that is overdue more than 90 days if the inspection is made by our Chief Inspector. Adding the words "for a special inspection" clarifies the reason for the charge. No change in current practice is intended.

Section 3 - Amendment

The Fund charges a fee for an inspection conducted by the Fund's inspectors and a separate fee for issuing a certificate for a boiler that is covered by insurance. Insurance companies inspect boilers that are covered by insurance. Inspection fees are set by rule as allowed by N.D. Cent. Code § 26.1-22.1-09. Certificate fees are set by law in N.D. Cent. Code § 26.1-22.1-10. This change will allow both fees to be set by rule.

This change will also allow the Fund to charge the full amount of its mileage expense. N.D. Cent. Code § 26.1-22.1-09 limits mileage charges to that allowed in N.D Cent. Code § 54-06-09, which is twenty-five cents. The State Motor Pool currently charges thirty-nine cents per mile for each mile for the mini vans now used by the boiler inspectors. We cannot pass on our true costs to the owners/users. Allowing the Commissioner to set all fees by rule will allow the fund to break even with these fees. The Fire and Tornado Fund now covers any expenses over revenues from fees.

Section 4 - Amendment

This amendment allows the Fund to set certificate fees for insured boilers the same way it sets certificate fees for noninsured boilers, that is, by regulation. It also allows the Fund to charge the fees to the owners and/or users rather than to an insurance company the same that we currently do for noninsured boilers. Currently, Hartford, Western National, and some smaller companies charge back the $15 certificate fee to the owner/user with a handling fee of up to $5 included. This is causing much confusion to the insured owners, agents, etc. Not all companies back charge these fees and not all companies charge the same handling fees.

The plan to charge certificate fees to insurance companies originated in 1975 because insurance company supplied addresses for boiler owners were not accurate enough for billing purposes. It also made collection easier. In the 1990s, we computerized the billing process so billing is not now an issue.

Only five other states charge certificate fees to insurance companies. The insurance industry has universally opposed paying certificates fees for their policyholders. The costs to the Boiler Inspection Program to bill the individual owners/users for the certificate fees rather than billing the insurance companies will not be higher than the costs now incurred to bill certificate fees to noninsured owners/users. Fifty-five percent of the boilers requiring inspection in North Dakota are not insured.

The Fund asks for a "yes" vote for House Bill No. 1143. I would be happy to answer any questions that you might have. Thank you.

Jim Poolman
Commissioner of Insurance

DEPARTMENT OF INSURANCE
STATE OF NORTH DAKOTA

Memorandum

To: Rick Berg, Chairman, Industry, Business and Labor Committee

From: Jim Poolman, Commissioner of Insurance

Date: January 17, 2001

Re: House Bill No. 1143 (Amended)

During the presentation of House Bill No. 1143, it was obvious that the committee members want to leave boiler inspection fee caps and the actual certificate fee in Century Code. Included is an amended version of House Bill No. 1143 with boiler inspection fee caps and the certificate fee listed. These changes are summarized below:

	Existing Fee or Cap	New Fee or Cap
Boiler Inspections:	$100 per inspection	$150 per inspection
Special Inspections	$285 per day; $150 per ½ day	$350 per day, $200 per ½ day
Shop Reviews	$285 per day; $150 per ½ day	$350 per day, $200 per ½ day
Inspector Card	$20	$25
Certificate Fee	$15	$20

The existing fees and caps are unchanged from 1993-4.

The Boiler Inspection Program is responsible for the inspection of 8,401 active boilers at this time. Fifty-five percent of these boilers (4,632) are directly inspected by Department inspectors. Forty-five percent (3,769) are currently inspected by licensed boiler inspectors employed by various insurance companies. Inspections are at intervals of twice per year for high-pressure steam boilers, once per year for low-pressure steam boilers, once every two years for hot water boilers, and once every three years for hot water boilers in apartments.

600 E BOULEVARD AVE DEPT 401 • BISMARCK ND 58505-0320 • (701) 328-2440
Consumer Hotline: 1-800-247-0560
Fax (701) 328-4880
Relay North Dakota 1-800-366-6888 (TTY)

Roughly, 4,500 separate inspections are made each year by Department and insurance company inspectors.

The Boiler Inspection Program issues Certificates of Inspection for all certificate inspections, whether made by Department inspectors or by insurance company inspectors. This has been the same since 1953. The Department has some liability for inspections made by any inspector, and insurance company inspectors are closely monitored on a regular basis. All new boilers are inspected initially only by the Boiler Inspection Program.

Currently, the certificate fee for insured boilers is included in Section 26.1-22.1-10. The fee is $15. Though somewhat confusing, the certificate fee for non-insured boilers is covered by rule and the current fee is $15. The intent of the House Bill No. 1143, as amended, is to include all certificate fees in Century Code and to set the fee at $20. Amendment No.4 of House Bill No. 1143 would also have the Boiler Inspection Program charge the certificate fee for insured boilers directly to the owner or user, the same way that we do for non-insured boilers. Currently, Hartford, Western National, and some smaller companies charge back the $15 certificate fee to the owner/user with a handling fee included. This causes much confusion to the insured owners and agents. Not all companies back-charge these fees and not all companies who do so charge the same handling fees. We need a level playing field Only about six other states charge certificate fees to insurance companies. The special circumstances in collecting the fees from the insured accounts is slowing the receipt of inspection reports to the Boiler Inspection Program. We think the solution to the current problems is House Bill No. 1143.

While special inspections and shop reviews only account for about five percent of our revenue, we want to charge owners a mileage charge equal to what Fleet Services bills us. Currently Section 54-06-09 of Century Code limits mileage charges to $0.25 per mile. This amount may be raised this legislative session (House Bill No. 1197), but not to the $0.39 per mile we are now charged by Fleet Services. The revised wording in the amended House Bill No. 1143 allows us to charge the owners the same amount charged to us by Fleet Services.

Included with this memo is a copy of the current fee schedule set by administrative hearing. The majority of our inspections are external inspections of hot water boilers. We currently charge $35 for the first boiler at an owner's location, and $25 for each additional boiler. A certificate fee of $15 is also charged for each boiler inspected. If an owner had but one boiler, the total charge per inspection would be $50 and the inspection would be made once every two or three years, depending on where the boiler was located. (Commercial building or apartment.)

Raising the certificate fee by $5.00 would bring in approximately $20,000 per year in additional revenue. Raising the inspection fees by $5.00 per boiler would bring in

approximately $12,500 per year in additional revenues, as only non-insured boilers are charged inspection fees. Inspection fees for insured boilers are included in the premium charged by insurance companies and average fifty percent of the premium amount.

The Insurance Department is ready to provide any additional information or assistance to the committee.

ENCLOSURES

Amended House Bill No. 1143

Current Fee Schedule

	Fee

1. High pressure boilers.

   a. Internal inspections.

- 50 square feet [4.65 square meters] or less of heating surface	$50.00
- Over 50 square feet [4.65 square meters] and not over 500 square feet [46.45 square meters]	$60.00
- Over 500 square feet [46.45 square meters] and not over 4,000 square feet [371.61 square meters]	$70.00
- Over 4,000 square feet [371.61 square meters] of heating surface	$80.00

   b. External inspections.

- 50 square feet [4.65 square meters] of heating surface or less; 100 KW or less	$35.00
- Over 50 square feet [4.65 square meters] - of heating surface; over 100 KW	$45.00

2. Low pressure boilers.

   a. Internal inspections.

- Without manway	$50.00
- With manway	$60.00

   b. External inspections.

- Hot water heat and low pressure steam	$35.00
- Hot water supply	$20.00
- Additional boilers at same account for same - day inspection (account =same owner, - management firm, user, etc.)	$25.00

3. Steam traction engines.

- Internal	$45.00
- External	$40.00
- Hydrostatic test	$50.00
- Ultrasonic survey, per hour	$35.00

4. Multiple boiler fee cap. Inspection fees for the same account, per day, must be as stated in this fee schedule, or at the flat rate of three hundred twenty-five dollars, whichever is less. This is in addition to the state certificate fee noted in subsection 5.

5. State certificate fee, per certificate $15.00

HB 1143

26.1-22.1-08. Special inspector.

1. Upon written request of the employer, the commissioner may appoint as special inspector an inspector in the employ of any insurance company authorized to insure boilers in this state against loss from explosion or any self-insured company that has employees for the purpose of inspecting its own boilers in this state. No person may be appointed as a special inspector unless that person has passed the examination prescribed by the national board of boiler and pressure vessel inspectors.
2. Every inspection made by a special inspector must be performed in accordance with this chapter and a complete report of the inspection must be filed with the commissioner in the time, manner, and form as prescribed by the commissioner.
3. If a complete report is not filed with the commissioner within ninety days from the certificate due date, the chief boiler inspector may make the required inspection, unless extensions of time are granted by the chief boiler inspector. For that inspection, the insurance company or self-insured company shall pay all appropriate inspection fees in accordance with section 26.1-22.1-09 for a special inspection.
4. The chief boiler inspector may inspect any boiler to which a special inspection applies.
5. The commissioner may for cause, suspend or revoke the appointment of any special inspector.

Source: S.L. 1993, ch. 301, § 8.

26.1-22.1-09. Inspection and certificate fees. Upon completion of inspection, the owner or user of a boiler ~~inspected by the chief boiler inspector~~ shall pay to the commissioner fees or a combination of inspection and certificate fees ~~which must be determined by the commissioner~~. Inspection fees must be determined by the commissioner. Certificate fees are determined by section 26.1-22.1-10. The commissioner must determine and may annually adjust a fee scale for the internal inspections of power boilers, internal inspections of low pressure heating boilers, external inspections of all boilers, and inspection of boilers used exclusively for exhibition purposes.

Not more than one hundred fifty dollars may be charged or collected for any one inspection of a boiler except for special inspections made upon request. Not more than seventy-five dollars may be charged or collected for any one inspection of a steam traction engine except for special inspections made upon request.

All other inspections made by the chief boiler inspector, including shop inspections and reviews and special inspections when requested by the owner or user of a boiler, must be charged at a rate not to exceed ~~two~~ Three hundred ~~eighty-five~~ fifty dollars per day or ~~one~~ Two hundred ~~fifty~~ dollars per half day of four hours or less, plus payment for mileage, meals, and hotel expenses as allowed by sections 44-08-04 and 54-06-09, except that the mileage rate for a state-owned vehicle will be the actual amount incurred by the commissioner. The annual fee for the issuance of a reciprocal commission card for a special

inspector is ~~twenty~~ [redacted] dollars and the annual fee for the issuance of a welder-qualified card is ten dollars.

Source: S.L. 1993, ch. 301, § 9; 1995, ch. 276, § 4.

Effective Date.
The 1995 amendment of this section by section 4 of chapter 276, S.L. 1995 became effective on July 1, 1995, pursuant to N.D. Const., Art. IV, § 13.

26.1-22.1-10. Certificate of inspection - Certificate to be posted. The commissioner shall issue a certificate of inspection for each boiler inspected upon receipt of an inspection report certifying that the boiler is in a safe condition to be operated. The commissioner shall charge a fee of ~~fifteen~~ [redacted] dollars for each certificate of inspection issued as the result of inspections authorized under ~~section~~ [redacted] 26.1-22.1-08. The fees are the liability of the ~~insurance company or self-insured company~~ [redacted] and must be paid in accordance with rules adopted by the commissioner. No certificate may be issued for any boiler not in a safe condition to be operated [redacted]. No certificate is valid for a period of more than thirty-six months for power boilers described in subsection 2 of section 26.1-22.1-07, and no more than twelve months for other power boilers, twenty-four months for steam traction engines, and thirty-six months for low pressure boilers except that a two-month grace period may be extended for any certificate. Upon written request from a special inspector, the chief boiler inspector may issue a short-term certificate. Each certificate of inspection must be posted conspicuously under glass in the boiler room or adjacent to the boiler inspected.

Source: S.L. 1993, ch. 301, § 10; 1995, ch. 283, § 2.

Effective Date.
The 1995 amendment of this section by section 2 of chapter 283, S.L. 1995 became effective July 1, 1995, pursuant to ND Const., Art. IV, § 13.

26.1-22.1-11. Certificate of inspection required - Penalty. No person may operate a boiler in this state without a valid certificate of inspection. A violation of this section is a class A misdemeanor on the part of the owner, user, or operator of the boiler.

Source: S.L. 1993, ch. 301, § 11.

26.1-22.1-12. Manufacturer's data report. The boiler manufacturer shall provide the commissioner with a manufacturer's data report. When signed by an authorized inspector, this data sheet together with the stamp on the boiler is the record denoting that the boiler has been constructed in accordance with the rules adopted to implement this chapter.

Source: S.L. 1993, ch. 301, § 12.

HOUSE BILL NO. 1143

Presented by: Jeff Bitz
Fire and Tornado Fund Administrator

Before: Industry, Business and Labor Committee
Senator Duane Mutch, Chairman

Date: February 19, 2001

TESTIMONY

Mr. Chairman and members of the committee:

My name is Jeff Bitz and I am the Administrator of the North Dakota Fire and Tornado Fund (Fund) administered by the Insurance Department. The Fire and Tornado Fund oversees the Boiler Inspection Program. I appear in favor of House Bill No. 1143 as amended by the House Industry, Business and Labor Committee.

The Boiler Inspection Program is responsible for the inspection of 8,401 active boilers at this time. Fifty-five percent of these boilers (4,632) are directly inspected by Department inspectors. Forty-five percent (3,769) are currently inspected by licensed boiler inspectors employed by various insurance companies. Inspections are at intervals of twice per year for high-pressure steam boilers, once per year for low-pressure, once every two years for hot water boilers, and once every three years for hot water boilers in apartments. Roughly, Department and insurance company inspectors make 4,500 separate inspections each year.

The existing fees and caps are unchanged from the 1993-95 biennium:

	Existing Fee or Cap	New Fee or Cap
Boiler inspections	$100 per inspection	$150 per inspection
Special inspections	$285 per day $150 per 1/2 day	$350 per day $200 per 1/2 day
Shop reviews	$285 per day $250 per 1/2 day	$350 per day $200 per 1/2 day
Inspector cards	$20	$25
Certificate fees	$15	$20

The Boiler Inspection Program issues Certificates of Inspection for all certificate inspections whether made by Department inspectors or by insurance company inspectors. This has been the same since 1953. The Department has some liability for inspections made by any inspector, and insurance company inspectors are closely monitored on a regular basis. All new boilers are inspected initially only by the Boiler Inspection Program.

Section 1 - Amendment

This change corrects an error originating from changes made in 1995. Subsection 3 is really part of subsection 2 and does not apply to subsection 1.

Section 2 - Amendment

We currently charge a special inspection fee to insurance companies for an inspection that is overdue more than 90 days if the inspection is made by our Chief Inspector. Adding the words "for a special inspection" clarifies the reason for the charge. No change in current practice is intended.

Section 3 - Amendment

As amended by the House, this increases the fee cap from $100 to $150 for inspection of a boiler except for special inspections made upon request. For special inspections it increases the fee cap from $285 per day or $150 per half day to $350 per day or $200 per

half day and allows us to charge the full amount of our mileage expenses. It increases the annual reciprocal commission cards for special inspections from $20 to $25.

Section 4 - Amendment

Increases the inspection certificate fee from $15 to $20 and places the responsibility with the Insurance Department to directly bill the owners or users for this certificate fee. Previously the Insurance Department billed the insurance company which paid the fee and then passed the cost onto the policyholder.

Increasing the certificate fees by $5 would bring in an additional $20,000 per year in revenue. Raising the inspection fees by only $5 per boiler would bring in an additional $12,500 per year. Currently, the Boiler Inspection Program is running at a net operating loss of approximately $102,639.

The Fund asks for a "yes" vote for House Bill No. 1143 as this would help reduce the net operating loss and allow us to move this program into a break even financial position. I would be happy to answer any questions that you may have.

HB 1143

BOILER INSPECTION PROGRAM
PROFIT AND LOSS STATEMENT
FOR 18 MONTHS ENDED DEC 31, 2000

REVENUE		
Boiler Inspection Fees	$ 175,339	
Total Revenue		$ 175,339
EXPENSES		
Salaries & Benefits	$ 201,840	
Data Processing	$ 13,532	
Travel	$ 27,481	
Telephone	$ 2,873	
Postage	$ 1,711	
Lease/Rent-Equip	$ 926	
Lease/Rent-Bldg	$ 9,350	
Operating Fees/Services	$ 4,216	
Professional Development	$ 861	
Professional Services	$ 1,512	
Office Supplies	$ 640	
Printing	$ 975	
Professional Supplies	$ 1,192	
Computers	$ 10,997	
Total Expenses		$ 278,106
Net Profit (Loss)		$ (102,767)