

RULE IMPACT STATEMENT

Pursuant to the Administrative Procedures Act, Section 303(D) of Title 75 of the Oklahoma Statutes, the Oklahoma Department of Labor (“ODOL”) hereby submits the following Rule Impact Statement for **PERMANENT** rule proposals for OAC Title 380, Department of Labor, Chapter 80, Alternative Fuels Program.

Brief Description of the Purpose of the Proposed Rules:

The purpose of the Department of Labor's proposed permanent rules is to permanently replace the emergency rules which created OAC 380:80, establishing initial administrative rules required by newly enacted legislation, Oklahoma Statutes Title 40, Section 142.1 *et seq.*, effective August 21, 2014, and to re-implement rules previously effective under OAC 580:55, with modifications. The rules: address the certification requirements applicable to the qualification and certification of alternative fuel vehicle conversion technicians, electric vehicle conversion technicians, and alternative fuel compression technicians; provide for the certification of alternative fuel companies; provide for the inspection of alternative fuel fill stations; identify national standards applicable to alternative fuel vehicle conversions; provide definitions; establish program administrative procedures; and provide for program enforcement.

Description of the classes of persons who most likely will be affected by the proposed rule, including classes that will bear the cost of the proposed rule, and any information on cost impacts received by the agency from any private or public entities:

The Department of Labor's proposed permanent rules will replace emergency rules that have been in effect since June 30, 2015. All citizens of the state of Oklahoma who may have a vehicle converted to operate on alternative fuels or who operate an alternative fuel vehicle will most likely be affected by the proposed permanent rules contained in OAC 380:80 in the same manner in which they were affected by the emergency rules that are currently in place. Technicians who convert and service alternative fuel vehicles, technicians who service and install alternative fuel fill stations, and persons who own alternative fuel vehicle conversion companies and companies that install and service alternative fuel fill stations will likely be affected. However, the impact on technicians and companies is expected to be slight, as rules were previously in place under OAC 580:55, that program has carried on uninterrupted after its transfer to the Oklahoma Department of Labor, and no new or increased fees are included in the rules. The cost of the rules will be borne by alternative fuels technicians and companies and the owners and operators of alternative fuel fill stations. The agency has not received any information on cost impacts from any private or public entities.

Description of the classes of persons who will benefit from the proposed rule:

All citizens of the state of Oklahoma who may have a vehicle converted to operate on alternative fuels or who operate an alternative fuel vehicle will benefit from the proposed rules. Additionally, all persons who share the roadways with alternative fuel vehicles will benefit from the proposed rules. The creation of permanent rules under OAC 380:80 will help ensure the safety of these Oklahomans by enforcing the existing requirements that alternative fuel

technicians be trained and certified in the safe installation of alternative fuel vehicle equipment and alternative fuel fill station equipment and by providing for the inspection of alternative fuel fill stations by the Department of Labor.

Description of the probable economic impact of the proposed rule upon affected classes of persons or political subdivisions, including a listing for all fee changes and, whenever possible, separate justification for each fee change:

The creation of permanent rules under OAC 380:80 is not expected to have a significant economic impact on any affected classes of persons or political subdivisions. No fees have been increased or added to those that previously existed under OAC 380:80 emergency rules or OAC 580:55. OAC 380:80-11-5 creates a permanent uniform schedule of fines for violations of the Alternative Fuels Technician Certification Act. Persons and entities found to have violated the Act may experience a minor economic impact. Alternative fuel conversion companies may experience a slight economic impact as OAC 380:80-7-9 makes permanent a raise in minimum insurance coverage from \$50,000.00 to \$1,000,000.00 and shifts the requirement from individual technicians to companies. Individual technicians may experience a slight positive economic impact as they will no longer need to provide for their own insurance coverage. However, the Department of Labor has found that the majority of insurance policies are obtained by companies rather than individual technicians.

Companies that own and/or operate alternative fuel fill stations may experience a slight economic impact as alternative fuel fill stations will now be subject to inspection and violations of the Act may lead to a fine. Companies that own and/or operate alternative fuel fill stations that are constructed after adoption of the proposed permanent rules will continue to be subject to specific filing requirements under OAC 380:80-1-5 which may cause the company to incur some expense that the company did not incur prior to adoption of the emergency rules.

The probable costs and benefits to the agency and to any other agency of the implementation and enforcement of the proposed rule, the source of revenue to be used for implementation and enforcement of the proposed rule, and anticipated effect on state revenues, including a projected net loss or gain in such revenues if it can be projected by the agency:

The creation of permanent rules under OAC 380:80 is not expected to provide any significant loss or gain in agency revenue or the state's general revenue while the current funding source exists. The alternative fuels program will continue to be funded by the existing Compressed Natural Gas Conversion Safety and Regulation Fund (74 O.S. § 130.25) and existing licensing fees. Any fines collected under the rules will be placed in the "Alternative Fuels Technician Certification Revolving Fund" or the "Alternative Fuels Inspection Fees and Fines Revolving Fund."

A determination of whether implementation of the proposed rule will have an economic impact on any political subdivision or require their cooperation in implementing or enforcing the rule:

A slight economic impact on some political subdivisions is possible, although it is the same impact created by the emergency rules. Some municipalities own and operate publicly accessed alternative fuel fill stations. The stations will be subject to inspection and are subject to building standards adopted by the Oklahoma Uniform Building Code Commission. Violations of adopted standards could result in a minor administrative fine being issued by the Department.

A determination of whether implementation of the proposed rule may have an adverse economic effect on small business as provided by the Oklahoma Small Business Regulatory Flexibility Act:

The majority of alternative fuel vehicle conversion companies employ fewer than 50 full time or part time employees. Therefore, the majority of the alternative fuel conversion companies affected by these rules are expected to be small businesses. However, these businesses should see minimal impact under the proposed rules as the majority of the rules affecting alternative fuel conversion companies existed under OAC 580:55 and currently exist under the emergency rules contained in OAC 380:80. As mentioned above, minimal economic impact is expected.

The majority of alternative fuel fill stations are owned by companies that employ more than 50 full time or part time employees. Therefore, the majority of the alternative fuel fill station companies affected by these proposed rules will not be small businesses. For those that are, the expected impact should be minimal as no additional or increased fees are included in the proposed rules. These businesses will, however, continue to be subject to possible fines for violations of the act which could have a minor financial impact on the company. These companies will also be subject to filing requirements created in the emergency rules pursuant to OAC 380:80-1-5 for new fill station installations, which may cause these companies to incur some expense that the companies did not incur prior to adoption of the emergency rules.

An explanation of the measures the agency has taken to minimize compliance costs and a determination of whether there are less costly or nonregulatory methods or less intrusive methods for achieving the purpose of the proposed rule:

Other jurisdictional authorities and members of the alternative fuels conversion and fill station industry were repeatedly consulted during the development of the rules to ensure that the most effective rules were developed. No new or increased fees will be charged under these rules. There is no less costly non-regulatory method available to help ensure the safety of the public with respect to alternative fuel conversions and fill stations.

A determination of the effect of the proposed rule on the public health, safety and environment and, if the proposed rule is designed to reduce significant risks to the public health, safety and environment, an explanation of the nature of the risk and to what extent the proposed rule will reduce the risk:

The proposed rules will enhance public safety by reducing the risk of injury that may be associated with alternative fuel vehicles and fill stations. For example, compressed natural gas fuel systems are pressurized above 3,000 pounds per square inch. This high pressure flammable gas presents a possible fire hazard if it is not contained in properly installed fuel systems

installed and maintained by skilled and knowledgeable technicians. Likewise, compressed natural gas fill stations contain a large volume of highly pressurized flammable gas that could pose a fire hazard if not handled correctly. The proposed rules help ensure public safety by reducing the risk of harmful events such as fire or explosion. The proposed rules further help ensure the safety of those working on these systems by requiring that the technicians meet certain minimum standards in order to qualify for licensure.

A determination of any detrimental effect on the public health, safety and environment if the proposed rules are not implemented:

If the proposed rules are not implemented, there will be a detrimental effect on public health, safety and environment, as there will be little guidance on how to execute the newly enacted Oklahoma Statute Title 40, Section 142.2 which provides for the inspection of compressed natural gas fill stations. Additionally, without the proposed rules there would be little guidance on how to examine and license alternative fuel technicians. Without rules allowing the Department of Labor to more effectively ensure compliance with the existing training and certification requirements, the safety and health of all citizens of Oklahoma who use the roadways will continue to be at risk.

Date the rule impact statement was prepared and the date modified:

Prepared: February 29, 2016
Modified: n/a

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