

## ADMINISTRATIVE RULES Fiscal Estimate & Economic Impact Analysis

1. Type of Estimate and Analysis <input checked="" type="checkbox"/> Original <input type="checkbox"/> Updated <input type="checkbox"/> Corrected	2. Date December 15, 2021
3. Administrative Rule Chapter, Title and Number (and Clearinghouse Number if applicable) SPS 131	
4. Subject Home Inspection and Home Inspector Education	
5. Fund Sources Affected <input type="checkbox"/> GPR <input type="checkbox"/> FED <input checked="" type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEG-S	6. Chapter 20, Stats. Appropriations Affected s.20.165(1)(g)
7. Fiscal Effect of Implementing the Rule <input type="checkbox"/> No Fiscal Effect <input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Increase Costs <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Indeterminate <input type="checkbox"/> Decrease Existing Revenues <input checked="" type="checkbox"/> Could Absorb Within Agency's Budget	
8. The Rule Will Impact the Following (Check All That Apply) <input type="checkbox"/> State's Economy <input type="checkbox"/> Specific Businesses/Sectors <input type="checkbox"/> Local Government Units <input type="checkbox"/> Public Utility Rate Payers <input type="checkbox"/> Small Businesses <b>(if checked, complete Attachment A)</b>	
9. Estimate of Implementation and Compliance to Businesses, Local Governmental Units and Individuals, per s. 227.137(3)(b)(1). \$0	
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	
11. Policy Problem Addressed by the Rule This rule project implements 2021 Wisconsin Act 17, which required the department to create rules relating to the following matters pertinent to home inspection registration and practice: <ul style="list-style-type: none"><li>• Require at least 40 hours of pre-registration education experience and provide standards for the department to approve applicant education. The rules require 40 hours of instruction, with at least 20 hours coming from hand-on instruction in the performance of home inspections and home inspection report writing.</li><li>• Provide a pathway for individuals credentialed as a home inspector in another state to apply for reciprocal registration as a home inspector in Wisconsin.</li><li>• Eliminate the requirement that registrants complete continuing education during their first two renewal periods as a registered home inspector.</li><li>• Revise the department's rules regarding home inspection standards to reflect that home inspection reports must include a summary page with references to the full report, list any defects discovered by the home inspector, and disclosures to the client including a reminder that the summary page is not a substitute for reading the entire report, as well as a statement reminding the client that the home inspector may not provide an opinion on the marketability of the home nor provide an opinion as to whether or not the home should be purchased.</li></ul> <p>The rule project also brings the department's rules into compliance with other recent legislative enactments, including the arrest record and conviction discrimination provisions in 2017 Act 278; the special pathway for service members, former service members, and their spouses to obtain reciprocity created under 2019 Act 143; and removed the continuing education audit provision as required by 2017 Act 59.</p> <p>Finally, notes containing incorrect agency contact information have been revised.</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.	

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A preliminary hearing on statement of scope was held on June 18, 2021. The following people and entities commented on the proposed scope:

- Julie Arnstein with the Wisconsin Association of Home Inspectors (WAHI) expressed support for the requirement that home inspectors complete preregistration education and stated that many already do so as part of the process of studying for and taking the required examination. She also expressed support for requiring that at least some of the pre-registration education include field training in the performance of home inspections. She expressed interest in working with the department on providing input in the drafting of the administrative rules.
- Scott Newcomer and Joel Kleefisch with the All American Association of Home Inspectors (AAHI) also expressed support for requiring field training as part of the pre-registration education requirement. Mr. Newcomer suggested that onehalf of the required 40 hours involve field training. He also recommended that education providers be approved by the department in advance. Mr. Newcomer and Mr. Kleefisch expressed interest in working with the department on providing input in the drafting of the administrative rules.

The input received from the WAHI and AAHI was considered in drafting this rule. A requirement that at least 20 of the 40 hours of required education involve training in the performance of home inspections was incorporated into the rule based on this input.

The rule was posted on the department's website for 14 days to solicit economic impact comments from small businesses. No comments were received.

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13. Identify the Local Governmental Units that Participated in the Development of this EIA.

The rule was posted on the department's website for 14 days to solicit economic impact comments from local governmental units. No comments were received.

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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)

DSPS will incur a one time cost of \$1500, as well as \$1290 on an ongoing annual basis.

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

The benefit of implementing the rule will be to establish statutorily required preclicensure education requirements for home inspectors and to update the rules to reflect current standards of practice for home inspections. The alternative would be to not implement the rules, which would result in the rules remaining out of line with current statute.

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16. Long Range Implications of Implementing the Rule

The long range implication of implenting the rule is that statutorily required preclicensure education requirements will be in place.

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17. Compare With Approaches Being Used by Federal Government

NA

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

Illinois: Illinois requires 60 hours of pre-licensure education for home inspectors. Programs must be preapproved by the board. The program must include study of exteriors, interiors, roofing, plumbing, electrical, HVAC, structural components, miscellaneous appliances, laws and regulations, and standards of practice including report writing and required disclosures. The program must also include at least 5 field inspection events. (See 68 Ill. Admin. Code § 1410.520).

Each biennium home inspectors are required to complete at least 12 hours of continuing education, unless it has been less than one year since initial licensure, in which case no continuing education is required. If more than one year has passed since initial licensure, at least 6 continuing education hours are required. (See 68 Ill. Admin. Code § 1410.160).

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Illinois requires the home inspector to provide the client with a written report that includes the home inspector's name, address and license number, components that will be inspected, and report on any significant deficiencies, why there is a deficiency, and whether the deficiency needs to be corrected. A summary document is not required. (See 68 Ill. Admin. Code § 1410.200).

Iowa: Iowa does not credential home inspectors.

Michigan: Michigan does not credential home inspectors.

Minnesota: Minnesota does not credential home inspectors.

19. Contact Name Jon Derenne	20. Contact Phone Number (608) 266-0955
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**ATTACHMENT A**

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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)

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

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

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5. Describe the Rule's Enforcement Provisions

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

- Yes     No
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