

## ADMINISTRATIVE RULES Fiscal Estimate & Economic Impact Analysis

<b>1. Type of Estimate and Analysis</b> <input checked="" type="checkbox"/> Original <input type="checkbox"/> Updated <input type="checkbox"/> Corrected	<b>2. Date</b> 09/12/2018
<b>3. Administrative Rule Chapter, Title and Number (and Clearinghouse Number if applicable)</b> SPS 131	
<b>4. Subject</b> Written reports of home inspectors	
<b>5. Fund Sources Affected</b> <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	<b>6. Chapter 20, Stats. Appropriations Affected</b>
<b>7. Fiscal Effect of Implementing the Rule</b> <input checked="" type="checkbox"/> No Fiscal Effect <input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Increase Costs <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Indeterminate <input type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Could Absorb Within Agency's Budget	
<b>8. The Rule Will Impact the Following (Check All That Apply)</b> <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 type="checkbox"/> Small Businesses <b>(if checked, complete Attachment A)</b>	
<b>9. Estimate of Implementation and Compliance to Businesses, Local Governmental Units and Individuals, per s. 227.137(3)(b)(1).</b> \$0	
<b>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)?</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
<b>11. Policy Problem Addressed by the Rule</b> This rule updates the administrative code by adding the statutory citation for the meaning of the term home inspection "defect".	
<b>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.</b> Home Inspectors/Realators	
<b>13. Identify the Local Governmental Units that Participated in the Development of this EIA.</b> N/A	
<b>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)</b> None	
<b>15. Benefits of Implementing the Rule and Alternative(s) to Implementing the Rule</b> This rule will clarify what the meaning of defect is when evaluating real estate property.	
<b>16. Long Range Implications of Implementing the Rule</b> This rule will establish a base line for the meaning of the term, defect.	
<b>17. Compare With Approaches Being Used by Federal Government</b> Federal regulations do not govern home inspectors.	
<b>18. Compare With Approaches Being Used by Neighboring States (Illinois, Iowa, Michigan and Minnesota)</b> Illinois: The state of Illinois uses the term, "significantly deficient" which means unsafe or not functioning. Illinois also uses the term, "unsafe" which they define as a condition in a system or component that poses a significant risk of personal injury or property damage during normal, day-to-day use. The risk, they include, may be due to damage, deterioration, improper installation or a change in accepted residential construction standards.	

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Iowa: The state of Iowa does not have licensing requirements for home inspectors. Generally, real estate agents are trained and certified in home inspection and are required to disclose material adverse facts.

Michigan: The state of Michigan does not have licensing requirements for home inspectors. Generally, real estate agents are trained and certified in home inspection and are required to disclose material adverse facts.

Minnesota: The state of Minnesota does not have licensing requirements for home inspectors. Generally, real estate agents are trained and certified in home inspection and are required to disclose material adverse facts.

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19. Contact Name

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20. Contact Phone Number

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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