

Department of Legislative Services
 Maryland General Assembly
 2009 Session

FISCAL AND POLICY NOTE

Senate Bill 314 (Senator Mooney)
 Education, Health, and Environmental Affairs

Public Safety - Boilers and Pressure Vessels - Inspection Fees

This bill repeals all existing fees required for State inspection of certain boilers and pressure vessels in the State, except those for half-day and full-day special inspections. Thus, the bill eliminates fees for certificate inspections of a previously inspected boiler or pressure vessel (either attached or unattached to an air compressor); a follow-up inspection to determine compliance; and inspection of an antique or model steam boiler or pressure vessel.

Fiscal Summary

State Effect: General fund revenues for the Department of Labor, Licensing, and Regulation (DLLR) decrease by \$75,000 in FY 2010 to reflect the elimination of boiler and pressure vessel inspection fees and the bill's October 1, 2009 effective date. General fund expenditures decrease by \$1,900 in FY 2010 due to savings in supplies and mailing materials. Out-years reflect annualization and inflation.

(in dollars)	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
GF Revenue	(\$75,000)	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)
GF Expenditure	(\$1,900)	(\$2,500)	(\$2,600)	(\$2,600)	(\$2,600)
Net Effect	(\$73,100)	(\$97,500)	(\$97,500)	(\$97,400)	(\$97,400)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: None.

Small Business Effect: Potential minimal. Elimination of certain inspection fees is expected to save each business about \$50 annually.

Analysis

Current Law: A boiler or pressure vessel used in the State must be inspected to determine its construction, installation, and condition. The inspection renewal requirement depends on the level of pressure and/or temperature of the device; depending on the type of boiler or pressure vessel, inspection may be annual or biennial.

An initial inspection is free. The charge for the subsequent inspection of a boiler or pressure vessel, other than a pressure vessel attached to an air compressor, is \$40; the charge for the subsequent inspection of a pressure vessel attached to an air compressor is \$10. A follow-up inspection to determine compliance is \$50. Inspection of an antique or model steam boiler or pressure vessel is \$15. There is no charge for the investigation of an accident or complaint.

A special inspection, such as an inspection at a fabrication or repair facility, an American Society of Mechanical Engineers joint review, or National Board of Inspection Code Repair review requires a payment of \$250 for a half day or \$500 for a full day in addition to travel and/or hotel expenses.

Inspection requirements do not apply to a boiler or pressure vessel located on a farm used exclusively for agricultural purposes; a heating boiler located in a private residence or apartment building with less than six units; certain pressure vessels used for domestic water supply or airlift pumping purposes; or an antique boiler or pressure vessel if it has been inspected by another state and has been brought into the State for a temporary exhibit or show. Additionally, boilers or pressure vessels that are under federal control, jurisdiction of other State authorities, used in the operation of trains, or below a specified size and shape are also excluded from these inspection requirements.

Boilers may be inspected by the State's chief boiler inspector, deputy boiler inspectors, an authorized insurer, or a third-party inspector certified by the chief boiler inspector.

Background: According to DLLR, general fund revenues from the collection of these inspection fees for boilers and pressure vessels in the State totaled \$84,170 in fiscal 2007 and \$84,140 in fiscal 2008. DLLR estimates fee revenue for fiscal 2009 and 2010 to be about \$100,000 per year, based on an anticipated increase in the number of State inspections. Overall, however, DLLR advises that the number of inspections in recent years is lower than past years due to the increase in inspections by third parties or insurance companies; DLLR collected as much as \$250,000 in inspection fees in past years.

Exhibit 1 shows the number of inspections for fiscal 2006, 2007, and 2008 as well as the projected number of inspections for 2009.

Exhibit 1
Total Number of State-performed Boiler and Pressure Vessel Inspections
Fiscal Years

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Total Inspections	8,381	6,764	7,499	8,019*

*Projected

Source: Department of Labor, Licensing, and Regulation

State Fiscal Effect: As a result of the elimination of boiler and pressure vessel inspection fees, DLLR estimates that general fund revenues decrease on an annual basis by \$100,000. Given the October 1 effective date, revenues decrease \$75,000 in fiscal 2010. General fund expenditures decrease \$2,500 annually due to savings in supplies and mailings used to notify businesses. Given the October 1 effective date, expenditures decrease \$1,900 in fiscal 2010.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Labor, Licensing, and Regulation; Department of Legislative Services

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mlm/mcr

Analysis by: Michael T. Vorgetts

Direct Inquiries to:
(410) 946-5510
(301) 970-5510