

Department of Legislative Services
Maryland General Assembly

FISCAL NOTE

House Bill 1316 (Delegate Busch)

Economic Matters

Inspections - Boiler and Pressure Vessel Safety

This bill requires the Board of Boiler Rules to formulate regulations regarding boiler and pressure vessel safety. The Division of Labor and Industry is authorized to issue a special inspector commission card only to individuals who meet specified requirements including that the individual is employed by a person licensed to insure boilers and pressure vessels. An owner of a boiler or pressure vessel is required to maintain records on-site regarding inspection, maintenance, and repair. Owners of a boiler or pressure vessel located in a school, hospital, or nursing home are required to ensure that the boiler or pressure vessel is operated under the direction of an individual licensed by the Board of Examining Engineers. Insurance companies are required to conduct certificate inspections of each covered boiler and pressure vessel that they insure and to submit information regarding the company's quality assurance program to the division. The bill requires a person who repairs a boiler or pressure vessel to meet specified standards and to provide specified reports to the division.

The bill takes effect on June 1, 1998.

Fiscal Summary

State Effect: General fund revenues could increase by \$10,000 in FY 1999, and \$2,500 annually thereafter. General fund expenditures could increase by \$176,100 in FY 1999. Out-year expenditures reflect annualization, inflation, and a two-year licensing period.

(in dollars)	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
GF Revenues	\$10,000	\$2,500	\$2,500	\$2,500	\$2,500
GF Expenditures	\$150,100	\$154,300	\$159,300	\$164,600	\$170,100
Net Effect	(\$140,100)	(\$151,800)	(\$156,800)	(\$162,100)	(\$167,600)

Note: () - decrease; GF - general funds

Local Effect: None.

Small Business Effect: Potential minimal effect.

Fiscal Analysis

State Revenues: Assuming that 200 special inspectors would obtain a commission card as a result of this bill and that the Board of Boiler Rules would set the initial licensing fee at \$50, general fund revenues would increase by approximately \$10,000 in fiscal 1999. In subsequent years, general fund revenues would increase by \$2,500 which reflects a two-year licensing period, a staggered collection schedule, and a \$25 renewal fee.

State Expenditures: General fund expenditures could increase by an estimated \$150,100 in fiscal 1999, which accounts for a three-month start up delay. This estimate reflects the cost of four new staff members consisting of two Boiler Inspectors to oversee insurance company inspections and ensure compliance with quality assurance program requirements; one Data Device Operator to process the work generated by the boiler inspectors; and one Administrative Specialist to oversee the quality assurance program and the licensing program. The estimate includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses. The information used in calculating the estimate is stated below:

Salaries and Fringe Benefits	\$115,400
Computers	12,000
Other Operating Expenses	<u>22,700</u>
Total FY 1999 State Expenditures	\$150,100

Future year expenditures reflect (1) full salaries with 3.5% annual increases and 3% employee turnover; and (2) 1% annual increases in ongoing operating expenses.

Small Business Effect: There are over 50,000 boiler and pressure vessels in the State. It is estimated that 20% of these boilers and pressure vessels are owned by small businesses. This bill could have a minimal effect on these small businesses. Owners of boilers or pressure vessels would be required to comply with numerous safety standards, to ensure that only properly authorized repairs are conducted, and to maintain records on-site. Owners of boilers and pressure vessels located in schools, hospitals, and nursing homes would have to ensure that the boiler or pressure vessel is operated under the direction of an individual licensed by the Board of Examining Engineers.

To the extent that businesses do not currently meet the oversight and record keeping procedures required by the bill, expenditures could increase initially. However, over the long

run, equipment which has been properly maintained, operated, and repaired will last longer and experience less down-time.

Currently, licensing fees are less than \$100 biennially. Furthermore, many employers already hire individuals who are licensed by the Board of Examining Engineers. The economic impact on small businesses will depend on the current experience and licensure status of the staff operating the boiler or pressure vessel, the types of boiler or pressure vessels in the business, the level of direction that the Board of Boiler Rules requires of an individual licensed by the Board of Examining Engineers, and the licensing fees adopted.

Information Source: Department of Labor, Licensing, and Regulation (Division of Labor and Industry)

Fiscal Note History: First Reader - March 16, 1998

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