

Department of Legislative Services

Maryland General Assembly

2001 Session

FISCAL NOTE**Revised**

House Bill 1094

(Delegate Hill, *et al.*)

Economic Matters

Economic and Environmental Affairs

Elevator Safety - Licensing of Elevator Contractors and Mechanics

This bill establishes a nine-member Elevator Safety Review Board within the Department of Labor, Licensing, and Regulation (DLLR) to license “elevator contractors” and “elevator mechanics.”

Fiscal Summary

State Effect: General fund revenues could increase by \$295,000 in FY 2002 due to the new licensing fees. Out-year estimates reflect a biennial licensing cycle, annualization, and industry growth. General fund expenditures could increase by \$320,500 in FY 2002. Out-year estimates reflect annualization, the elimination of start-up costs, and ongoing operations.

(in dollars)	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
GF Revenue	\$295,000	\$5,900	\$300,900	\$6,050	\$307,000
GF Expenditure	320,500	148,000	153,500	161,000	168,900
Net Effect	(\$25,500)	(\$142,100)	\$147,400	(\$154,950)	\$138,100

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

Local Effect: None.

Small Business Effect: Meaningful.

Analysis

Bill Summary: An “elevator contractor” or an “elevator mechanic” must be licensed by the board before conducting business in Maryland. An “elevator contractor” is a person

who is engaged in the business of erecting, constructing, wiring, altering, replacing, maintaining, dismantling, or servicing elevators, dumbwaiters, escalators, and moving walks. An “elevator mechanic” is a person who physically works on elevators, dumbwaiters, escalators, and moving walks. The bill also establishes an “elevator apprentice” as a person who works under the direct supervision of a licensed elevator mechanic. The bill establishes an application process, minimal qualifications for an applicant, and disciplinary and hearing procedures. The bill limits the total amount of licensing and application fees required to be paid in a year to no more than \$100 for an elevator mechanic and to no more than \$150 for an elevator contractor. The bill also requires an applicant for an elevator contractor license to provide proof of having a minimum of \$1 million in general liability insurance and \$500,000 in property damage insurance.

The bill provides a procedure for appointing the board and stipulates that board members will not be compensated but are entitled to expense reimbursement. The board must establish application, licensing, renewal, and any other fees so as to reflect actual costs and expenses of operating the board.

The bill also establishes a civil penalty fine of no more than \$1,000 for professional misconduct. A person convicted of working as an elevator mechanic or contractor without a license is guilty of a misdemeanor, and is subject to maximum penalties of: (1) a fine of \$100 for each day the violation continues and/or six months imprisonment; or (2) for a knowing and willful violation, a fine of \$5,000 and/or six months imprisonment.

Current Law: While there are safety and operating regulations governing the use of elevators, there are no specific regulations governing the field of elevator maintenance.

State Revenues: DLLR estimates that there are 1,250 elevator mechanics and 150 elevator contractors in the State. Assuming that the maximum licensing and application fees permitted by the bill are charged, \$100 annually for an elevator mechanic and \$150 annually for an elevator contractor, in two-year terms as specified by the bill, general fund revenues would increase by \$295,000 in fiscal 2002. Out-year estimates reflect the biennial licensing cycle and industry growth.

The bill’s fine provisions are not expected to have a significant impact on governmental finances.

State Expenditures: General fund expenditures could increase by an estimated \$320,506 in fiscal 2002, which accounts for the bill’s October 1, 2001 effective date. This estimate reflects the cost of hiring an administrator, an office secretary, and a part-time attorney general to administer licensing exams, investigate complaints, and monitor the continuing education program. It includes salaries, fringe benefits, one-time start-up costs, ongoing operating expenses, and a one-time computer system upgrade.

Salaries and Fringe Benefits	\$88,575
Equipment and Operating Expenses	31,931
Contractual Services	<u>200,000</u>
Total FY 2002 State Expenditures	\$320,506

Future year expenditures reflect: (1) full salaries with a 6.5% increase in fiscal 2003 and a 4.5% increase each year thereafter, with 3% employee turnover; and (2) 1% annual increases in ongoing operating expenses.

The bill's incarceration penalty provisions are not expected to have a significant impact on governmental finances.

Small Business Effect: DLLR estimates that most elevator mechanics and contractors are small businesses. These firms would incur the added expenses of qualifying for and obtaining a license as well as meeting continuing education requirements.

The insurance requirements would also be an extra expense for small businesses.

Additional Information

Prior Introductions: HB 1392 of 2000 was a substantially similar bill. It received an unfavorable report from the House Economic Matters Committee.

Cross File: SB 798 (Senator Collins, *et al.*) – Economic and Environmental Affairs.

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

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Analysis by: Brian D. Baugus

Direct Inquiries to:
John Rixey, Coordinating Analyst
(410) 946-5510
(301) 970-5510