SB 238

Department of Legislative Services
Maryland General Assembly
2001 Session

FISCAL NOTE
Revised

Senate Bill 238 (Chairman, Finance Committee)
(Departmental – Labor, Licensing, and Regulation)

Finance Economic Matters

Elevator Safety - Registration and Inspection Fees

This departmental bill requires an owner or lessee of an elevator, dumb waiter, escalator, or moving walk to register a new unit with the Commissioner of Labor and Industry at least 60 days prior to the unit's projected completion date. The bill provides an exception for emergency situations. The bill also requires an owner, lessee, or contractor to ensure that a unit meets the applicable safety code, rules, and regulations and that the elements on the "inspection checklist" are operational, have been tested, and are functional before scheduling a "final acceptance inspection." An inspection checklist is a form provided by the commissioner specifying the requirements for compliance with applicable safety codes, rules, and regulations. A final acceptance inspection is conducted upon installation of a unit but before it is placed into service.

Prior to scheduling an "annual inspection," the owner, contractor, or lessee of a unit shall ensure that it is operated, inspected, and repaired in accordance with the bill and that all relevant records, which are to be maintained at a central location in a manner consistent with any adopted regulations, are available to the inspector. An inspector shall issue an inspection checklist for all units that do not pass an "annual inspection." A $250 fee for half-day and a $500 fee for full-day follow-up inspections shall be charged. The same fee schedule applies to an owner or lessee who does not have a unit ready for inspection when an inspector arrives, or cancels an inspection less than 24 hours before the appointed time. An annual inspection is conducted for the purpose of reissuing a certification and inspection.

The bill is effective June 1, 2001.

Fiscal Summary

State Effect: Potential significant general fund revenue increase due to the cancellation and re-inspection fees. General fund expenditures would increase by $131,200 in FY 2002. Out-year expenditures reflect a decrease in contractual services and a reduction in the number of staff needed to administer the program.

(in dollars)	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
GF Revenue	-	-	-	-	-
GF Expenditure	131,200	63,200	31,900	33,300	34,800
Net Effect	($131,200)	($63,200)	($31,900)	($33,300)	($34,800)

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

Local Effect: None.

Small Business Effect: The Department of Labor, Licensing, and Regulation (DLLR) has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment. (The attached assessment does not reflect amendments to the bill.)

Analysis

Current Law: An owner or lessee is required to register a new installation within ten days after the unit is completed but is not required to keep any maintenance, operational, or inspection records. There are no fees assessed for cancelled appointments or follow-up inspections.

Background: There are approximately 16,000 units in the State and each is required to be inspected once a year by an inspection staff of about 30. DLLR reports that the "after-the-fact" inspection approach has proven to be inefficient and, in some cases, actually allows elevators in violation to operate for a short period of time. DLLR has also concluded that, since they are not charged, some owners or lessees have been neglectful in properly preparing their units for inspection. Missed inspections are costly in money and time and contribute to an inspection backlog of about 5,000 units.

State Revenues: Based on fiscal 2000's 80% re-inspection rate, there could be an estimated 12,800 cancellations or re-inspections in fiscal 2002. It is difficult to predict the deterrent effect, if any, of establishing a cancelled inspection and re-inspection fee and a precise estimate of the potential revenue increase cannot be made. However, DLLR estimates that approximately 500 new units and 1,500 existing units would require a re-inspection in fiscal 2002. This would result in a general fund revenue increase of $500,000. Out-year estimates reflect a significant decrease in the number of cancellations and re-inspections.

As a point of reference, revenues would increase by $25,000 to $50,000 for every 100 cancelled inspections or re-inspections.

State Expenditures: General fund expenditures could increase by an estimated $131,200 in fiscal 2002, which accounts for the bill's June 1, 2001 effective date. This estimate reflects the cost of hiring one contractual administrative specialist and one permanent fiscal clerk to notify all owners or lessees of the new provisions, oversee the collection of fee revenues, and manage the paper flow. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses

Salaries and Fringe Benefits	$43,700
One-Time Computer Upgrade	75,000
Operating Expenses	12,500
Total FY 2002 State Expenditures	**$131,200**

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 for the permanent position; (2) 1% annual increases in ongoing operating expenses; (3) the elimination of the one-time computer services; and (4) the elimination of the contractual position in fiscal 2004.

Additional Information

Prior Introductions: None.

Cross File: HB 181 (Chairman – Economic Matters Committee) – Economic Matters.

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

Fiscal Note History: First Reader – February 7, 2001
ncs/jr Revised – Senate Third Reader – March 23, 2001
Revised – Enrolled Bill – April 19, 2001

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