

Department of Legislative Services
Maryland General Assembly
2003 Session

FISCAL AND POLICY NOTE

House Bill 825 (Delegate Trueschler, et al.)
Economic Matters

Elevator Safety - Boiler and Pressure Vessel Safety - Privatization of Inspections

This bill requires the Commissioner of Labor and Industry to adopt regulations to privatize the inspection of elevator units on private property. Likewise, the Board of Boiler Rules must adopt regulations to privatize the inspections of boilers and pressure vessels on private property. These changes would be phased in over a three-year period ending October 1, 2006. A licensed mechanical engineer of the owner's choosing would conduct the inspections. The bill also requires all owners of elevator units and boilers and pressure vessels on private property to have general liability insurance on the units being inspected. The commissioner is responsible for verifying that the licensed mechanical engineer is qualified, licensed, and has professional liability insurance.

Fiscal Summary

State Effect: General fund revenues would decrease by \$35,900 in FY 2004 due to the privatization of inspections and loss of fee revenue beginning in May 2004. Out-year estimates reflect annualization. General fund expenditures would decrease by \$898,700 in FY 2005 due to a reduction of 19 positions. Out-year estimates reflect a further reduction in positions and annualization.

(in dollars)	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
GF Revenue	(\$35,900)	(\$190,000)	(\$190,000)	(\$190,000)	(\$190,000)
GF Expenditure	0	(898,700)	(1,435,200)	(1,681,200)	(1,751,700)
Net Effect	(\$35,900)	\$708,700	\$1,245,200	\$1,491,200	\$1,561,700

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

Local Effect: None.

Small Business Effect: Potential minimal.

Analysis

Bill Summary: Owners of elevator units and boiler or pressure vessels located on private property are required to submit to the commissioner: (1) an inspection certificate signed and sealed by a licensed mechanical engineer; and (2) a certificate of insurance to cover general liability insurance for the elevator unit or boiler or pressure vessel. The commissioner is required to verify the qualifications, licensing, and professional liability insurance of the licensed mechanical engineer who conducts the inspection of an elevator unit or boiler or pressure vessel located on private property.

Current Law: The Department of Labor, Licensing, and Regulation (DLLR) must perform annual inspections of elevator units and boiler or pressure vessels. The commissioner issues permits only after an inspection has been performed. The State of Maryland licenses professional engineers, but does not issue a specific license to mechanical engineers.

Background: There are currently 17,618 registered elevators and escalators subject to inspection. Of those, it is estimated that 3,224 are located in publicly owned buildings, leaving approximately 14,394 on private property.

There are currently 56,367 registered boilers and pressure vessels. Of those, 2,242 are high-pressure boilers requiring annual inspections. The remainder are low-pressure boilers and pressure vessels requiring inspections every two years. Approximately 79% of the registered boilers and pressure vessels are currently insured and inspected by special commissioned inspectors employed by the insurance company. Insurance companies are required to inspect the units they insure. State inspectors inspect the remaining units.

State Fiscal Effect: DLLR estimates that it would take approximately six months to adopt and publish regulations in final form. This would take until approximately May 1, 2004, leaving 29 months to phase in the private inspections.

DLLR estimates a reduction of nine elevator inspection positions in fiscal 2005, nine positions in fiscal 2006, and three positions in fiscal 2007. This would leave a chief inspector and six inspectors to conduct all the inspections on public property and monitor the privatized inspections. DLLR estimates that ten deputy boiler inspector positions would be eliminated during fiscal 2005. This would leave one position to inspect the boilers and pressure vessels not covered by this bill, and assist the chief boiler inspector in monitoring the privatized inspections.

It is not expected that the administrative positions would be eliminated, since the bill provides for additional administrative responsibilities, in addition to maintaining records on all registered units and issuing the required inspection certificates.

Small Business Effect: To the extent that the owners of facilities with elevators, escalators, and boiler or pressure vessels are small businesses, they would incur minimal additional costs for inspections and insurance.

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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mdf/jr

Analysis by: Daniel P. Tompkins

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