

Department of Legislative Services
Maryland General Assembly
2007 Session

FISCAL AND POLICY NOTE

House Bill 1322 (Chair, Economic Matters Committee)
(By Request – Departmental – Labor, Licensing and Regulation)
Economic Matters

Commissioner of Labor and Industry - Boiler Safety

This departmental bill provides additional options for inspecting boilers and pressure vessels.

Fiscal Summary

State Effect: Potential increase in special fund expenditures if the Board of Boiler Rules contracts with an authorized inspection agency to perform certificate inspections. Potential minimal increase in general fund revenues if the board issues additional special inspector commissions.

Local Effect: None.

Small Business Effect: The Department of Labor, Licensing, and Regulation has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment.

Analysis

Bill Summary: The Commissioner of Labor and Industry may commission additional types of special inspectors – those employed by an “authorized inspection agency,” which is a nationally accredited entity that also meets certain national qualifications and definitions. The special inspectors employed by an authorized inspection agency can make certificate inspections under a contract with the Commissioner of Labor and Industry, an insurer, or an owner of a boiler or pressure vessel. The Commissioner of

Labor and Industry can also contract with an insurer that employs special inspectors to conduct certain inspections of boilers and pressure vessels.

An authorized inspection agency is required to file a report on each certificate inspection and notify the chief boiler inspector of hazardous conditions within 24 hours after an inspection. An authorized inspection agency is required to submit a \$5,000 surety bond to the Commissioner of Labor and Industry for the benefit of any person damaged by a violation committed by the agency.

Current Law: The Board of Boiler Rules is charged with formulating regulations for the safe construction, use, installation, maintenance, repair, and inspection of boilers and pressure vessels in the State. The chief boiler inspector is required to enforce these regulations and issue certificates that note the date of inspection and specify the maximum pressure under which a boiler or pressure vessel may be operated. This certificate is generally valid for a period between 12 and 24 months, depending on the type of unit. The chief boiler inspector is required to keep detailed records of all units subject to State regulation.

A State inspector is required to make certificate inspections of boilers and pressure vessels unless the unit is owned or operated by a person who employs a commissioned special inspector. Insurers of boilers and pressure vessels are also required to employ a commissioned special inspector to inspect units that they insure. An inspection by a special inspector exempts the user or owner from the payment of State inspection fees, which range from \$10 to \$500. Routine State inspections are provided without charge.

Commissioned Special Inspectors

A special inspector commission may be requested by an authorized insurer or by a person who operates a pressure vessel that is regularly inspected and rated by an established inspection service. An applicant for a special inspector commission must be employed by the entity requesting the commission. The applicant must hold a commission from another state or from a national professional organization and pass a required examination or its equivalent. The fee for a special inspector commission is \$50 and is valid for a period of two years.

Insurers that employ a special inspector are required to file inspection reports with the chief boiler inspector within 30 days after inspection; the insurer must notify the chief boiler inspector within 24 hours if an inspection reveals a hazardous condition that affects the safety of the unit. If a commissioned special inspector finds that the inspected unit complies with State regulations, the chief boiler inspector is required to issue an inspection certificate for that unit.

An owner-user inspection service must maintain inspection records in its files, subject to State review. The owner-user inspection service is also required to file annual reports with the chief boiler inspector.

Background: State deputy boiler inspectors are responsible for inspecting all new boiler and pressure vessel units, investigating all accidents, and regularly inspecting uninsured units. The number of State inspectors has been insufficient to meet the increasing demand for inspections. Approximately 800 new units are installed each year in addition to the 9,000 uninsured and replacement units subject to State inspection each year. The Division of Labor and Industry advises that there are a total of 54,708 boiler and pressure vessels currently operating in the State and an estimated backlog of 2,500 inspections.

The legislation attempts to address the backlog in State inspection of boilers and pressure vessels by allowing additional options for inspections.

State Expenditures: This bill would authorize, but not require, the Department of Labor, Licensing, and Regulation to contract with an authorized inspection agency or an insurer to make certificate inspections. The department advises that it would likely contract with authorized inspection agencies to address the most urgent of the overdue inspections in fiscal 2008, which could result in special fund expenditures of \$50,000. The department estimates that contracting for inspection of all backlogged units could cost up to \$150,000.

On an ongoing basis, the department advises that the option to contract for inspections may be employed as vacancies occur among deputy boiler inspectors; in these instances, savings associated with the vacant position would offset costs associated with the contract inspections.

State Revenues: General fund revenues could increase marginally if the Board of Boiler Rules issues additional special inspector commissions as a result of the bill. The cost of a two-year special inspector commission is \$50.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - March 20, 2007
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