

Department of Legislative Services
 Maryland General Assembly
 2010 Session

FISCAL AND POLICY NOTE
 Revised

House Bill 1523

(Delegates Minnick and McHale)

Economic Matters

Finance

Elevator Safety - Elevator Units in Places of Worship - Exemption from Third-Party Inspections

This bill requires a State inspector, instead of a third-party qualified inspector, to conduct required periodic annual inspections of single-level platform lifts or stairway chairlifts located in buildings used primarily for public religious worship.

Fiscal Summary

State Effect: Special fund expenditures increase by \$126,800 in FY 2013 to conduct annual inspections at buildings used primarily for public religious worship. Future year expenditures reflect inflation. Revenues are not affected.

(in dollars)	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Revenues	\$0	\$0	\$0	\$0	\$0
SF Expenditure	0	0	126,800	132,800	139,100
Net Effect	\$0	\$0	(\$126,800)	(\$132,800)	(\$139,100)

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

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Current Law: Elevators in the State must be inspected, tested, and maintained in a safe operating condition in accordance with the State safety code and regulations adopted by the Commissioner of Labor and Industry. Unless otherwise specified by statute (*e.g.*, an elevator in a private residence), an elevator may not operate in a building, structure, or

place of employment in the State unless it has been certified by the Commissioner of Labor and Industry. Inspections are required for new elevators, after any modifications are undertaken on existing elevators, and on an annual basis.

Chapter 145 of 2009 requires that elevator owners hire third-party inspectors for annual inspections; prior to Chapter 145, annual inspections were conducted by State inspectors at no cost to elevator owners. Inspection fees are charged only in limited circumstances involving follow-up inspections.

Background: The Department of Labor, Licensing, and Regulation (DLLR) advises that requiring private-sector elevator owners to hire third-party inspectors to conduct mandatory annual inspections was necessary because DLLR lacked adequate staffing to conduct all statutorily mandated elevator inspections. Prior to the enactment of Chapter 145, there was a backlog of about 5,500 public- and private-sector elevators in the State that were overdue for annual inspection. By specifying that private-sector elevator owners are responsible for ensuring compliance with annual inspection requirements, DLLR has been able to focus its inspection resources on other types of inspections and reduce the annual inspection backlog.

According to DLLR, about 1,100 of the roughly 18,000 private-sector elevators in the State are located in places of public worship; about 900 of these are platform lifts or stairway chairlifts. Third-party inspection costs are estimated to be about \$200 per unit.

State Fiscal Effect: Chapter 145 of 2009 has resulted in a reduction in the annual inspection backlog because DLLR has been able to focus staff resources on inspecting public-sector elevators and ensuring that elevators in private-sector buildings comply with annual inspection requirements. DLLR advises that it anticipates clearing the inspection backlog within the next two years, which results in the elimination of three inspector positions by the end of fiscal 2012. However, due to the bill's requirement that the State inspect the roughly 900 units in places used primarily for public worship, two of these inspectors must remain employed with DLLR to ensure that these units receive annual inspections at no cost to the owners. Therefore, special fund expenditures increase by \$126,796 in fiscal 2013. As a division of the Safety Inspection Program, elevator inspection expenditures are supported with special funds appropriated from the Workers' Compensation Fund. This estimate reflects salaries, fringe benefits, and annual operating expenses for two State elevator inspectors.

Positions	2
Salaries and Fringe Benefits	\$117,544
Other Operating Expenses	<u>9,252</u>
Total FY 2013 State Expenditures	\$126,796

Future year expenditures reflect 4.4% annual salary increases, 3% employee turnover, and 1% annual increases in ongoing operating expenses.

Additional Information

Prior Introductions: None.

Cross File: SB 1101 (Senator Stone) - Finance.

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

Fiscal Note History: First Reader - March 22, 2010
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