

Department of Legislative Services
 Maryland General Assembly
 2011 Session

FISCAL AND POLICY NOTE

House Bill 152 (Delegate Beitzel, *et al.*)
 Economic Matters

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 chair lifts located in buildings used primarily for public religious worship.

Fiscal Summary

State Effect: Special fund expenditures by the Department of Labor, Licensing, and Regulation (DLLR) increase by \$128,200 in FY 2013 to conduct annual elevator inspections at buildings used primarily for public religious worship. Future year expenditures reflect inflation. Revenues are not affected.

(in dollars)	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Revenues	\$0	\$0	\$0	\$0	\$0
SF Expenditure	0	128,200	134,400	141,000	148,000
Net Effect	\$0	(\$128,200)	(\$134,400)	(\$141,000)	(\$148,000)

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: 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 1,200 of the roughly 18,000 private-sector elevators in the State are located in places of public worship; between 900 and 1,000 of these are assumed to be platform lifts or stairway chair lifts. Third-party inspection costs are estimated to range between \$75 and \$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 year, 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 between 900 and 1,000 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 \$128,210 in fiscal 2013. As a division of the Safety Inspection Program, elevator inspection expenditures are supported with special funds appropriated from the Workers' Compensation Commission. This estimate reflects salaries, fringe benefits, and annual operating expenses for two State elevator inspectors.

Positions	2
Salaries and Fringe Benefits	\$114,215
Other Operating Expenses	<u>13,995</u>
Total FY 2013 State Expenditures	\$128,210

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

Additional Information

Prior Introductions: SB 1101 of 2010, as amended, passed in the Senate and was referred to the House Economic Matters Committee, but no further action was taken. Its cross file, HB 1523, as amended, passed in the House and received a favorable report from the Senate Finance Committee, but no further action was taken.

Cross File: None.

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

Fiscal Note History: First Reader - February 3, 2011
ncs/mcr

Analysis by: Michael T. Vorgetts

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