

Department of Legislative Services  
Maryland General Assembly  
2012 Session

FISCAL AND POLICY NOTE

House Bill 489  
Economic Matters

(Delegate Kipke)

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**Public Safety - Boiler and Pressure Vessel Safety Inspection - Exceptions**

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This bill exempts from all statutory safety inspection requirements a pressure vessel that operates at a pressure not exceeding 140 pounds per square inch [gauge] and that has a capacity that does not exceed 200 gallons of compressed air.

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**Fiscal Summary**

**State Effect:** None. No effect on expenditures because the exemption results in only minimal reduction in the inspection workload for the Chief Boiler Inspector; the affected pressure vessels are inspected initially by the Chief Boiler Inspector and then annually by insurance companies or third-party inspectors. No effect on revenues because there are no fees for initial inspections or inspection certificates provided by the Chief Boiler Inspector (inspection fees for uninsured pressure vessels are paid to the third-party inspectors).

**Local Effect:** None.

**Small Business Effect:** Minimal for small businesses that own exempted pressure vessels.

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**Analysis**

**Current Law/Background:** The Boiler and Pressure Vessel Safety Act of 2010 (Chapter 387) requires that owners of uninsured boilers and pressure vessels contract for required annual certificate inspections with either an authorized third-party inspector, the Chief Boiler Inspector, or another State inspector. (Insured boilers and pressure vessels are generally inspected by the authorized insurance company.) Owners of uninsured

vessels who use third-party inspectors must pay the inspection fee charged by the inspector. Although owners of uninsured boilers or pressure vessels may request that the State inspect these devices, the revisions to the State's inspection fee schedule included in Chapter 387 resulted in third-party inspectors likely offering significantly more affordable inspection prices than the State. Thus, State inspectors generally do not conduct annual certificate inspections. However, State inspectors are solely responsible for inspecting newly installed boilers and pressure vessels. Initial inspections are done free of charge.

Boilers or pressure vessels currently exempt from the inspection requirement are those that:

- are on a farm and used only for agricultural purposes;
- are in a private residence or apartment house with fewer than six units;
- contain only water under pressure for domestic supply purposes and are located in a private residence or apartment house with fewer than six units; or
- are exhibition or antique boilers that have been inspected and certified in another state and have been brought to the State for a temporary exhibit or show.

There are about 53,000 registered boilers and pressure vessels in the State. In every audit of the Division of Labor and Industry (DLI) since 1977, the Office of Legislative Audits (OLA) has found a substantial backlog of boiler and pressure vessel inspections that were not conducted on time. Chapter 387 was designed to address the backlog by requiring owners of uninsured boilers and pressure vessels to pay for annual certificate inspections by approved third-party inspectors. This allowed the Chief Boiler Inspector to focus limited resources on inspecting newly installed boilers and pressure vessels and to investigate accidents.

According to its response to the February 2012 OLA audit, DLI has significantly diminished, but not eliminated, the inspection backlog. In July 2009, the backlog was 10,156 inspections; by January 2012, that number had dropped to 1,817, an 82% reduction. Currently, only 3.3% of inspections are backlogged, compared with 19% in fiscal 2009.

According to DLI, this bill exempts 1,034 pressure vessels from all State inspection requirements, including inspections that follow accidents, which are done free of charge. DLI advises that the "air tanks" that are exempted by the bill have been more prone to accidents than any other type of pressure vessel, often due to the lack of appropriate inspection. Several accidents over the past 10 years have caused serious injuries, loss of limbs, and property damage.

**Small Business Effect:** Small businesses that own air tanks that are exempt from inspection under the bill no longer have to pay annual inspection fees, which tend to be between \$50 and \$100.

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### **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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