

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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FISCAL IMPACT STATEMENT

LS 7194

BILL NUMBER: SB 488

DATE PREPARED: Jan 7, 2002

BILL AMENDED:

SUBJECT: Regulated Lifting Devices.

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FUNDS AFFECTED: **GENERAL**
 DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: The bill requires the Fire Prevention and Building Safety Commission to adopt rules for the issuance of elevator contractor, elevator inspector, and elevator mechanic licenses. The bill also provides for a Class C infraction for constructing, installing, or altering a regulated lifting device without a license issued by the Fire Prevention and Building Safety Commission. It requires the registration and inspection of regulated lifting devices, with certain exceptions and it requires the Fire Prevention and Building Safety Commission to adopt rules to set fees for the operation of regulated lifting devices. The bill makes conforming amendments.

Effective Date: July 1, 2002.

Explanation of State Expenditures: Under the bill, the Fire Prevention and Building Safety Commission would be considered a board for purposes of licensing individuals as elevator contractors, inspectors, and mechanics. The Professional Licensing Agency would provide administrative support for the Commission as its responsibilities relate to licensing elevator contractors, inspectors, and mechanics. Currently, elevator inspection is carried out by the Fire and Building Services Department, Elevator Safety Division. According to the State website, the Elevator Safety Division employs 20 nationally certified inspectors to inspect regulated elevators, escalators, and amusement rides. The salaries for the Elevator and Amusement Safety Division, including support positions, are \$621,459 annually and are funded through the Fire Prevention and Building Safety Fund.

The bill would result in indeterminate, but potentially increased costs for the state General Fund or the Fire Prevention and Building Safety Fund. There are no data to indicate the number of people who may apply for licensure as an elevator contractor, inspector, or mechanic. There would be one-time costs for setting up the regulatory functions of the Commission to license elevator contractors, inspectors, and mechanics, such as creating a database to maintain records of the people who become licensed and their anniversary date to provide renewal notices required under the bill. According to current statute and the provisions of the bill,

the Commission would have to set license fees to at least cover the direct and indirect costs of the Commission. (There is no information to indicate if this requirement will apply only to the Commission costs associated with issuing licenses.) If there is sufficient interest in becoming licensed under the board, the fee could be minimal for each licensee. If there is insufficient interest, the fee per license may be high or General Fund or Fire Prevention and Building Safety Fund dollars may be needed to sustain the Commission. For example, according to the Health Professions Bureau, the Hypnotist Committee, established in 1999, required \$80,000 in initial outlay and received only \$1,400 in fee revenues during its first year of operation.

In addition to licensure, other expenditures for the Commission would include having to approve continuing education courses required for license holders and the Fire and Building Services Department would have to prepare and administer written competency examinations.

Explanation of State Revenues: Currently in statute, a fee schedule is provided for installation permits; initial, annual, and subsequent inspections; permit processing; and alteration permits of elevators, hoists, moving stairways, and lifting devices. The bill would eliminate the fee schedule and make the Fire Prevention and Building Safety Commission responsible for determining fees. In addition, the definition of a regulated lifting device would be established in statute using industry standards to describe the devices. Certain devices would be added to the existing list of regulated lifting devices, including dumbwaiters and people movers. Also, under the bill, there would be exclusions from the definition of regulated lifting devices, including power platforms for exterior or interior maintenance and the equipment used to install an elevator.

There are no data available to indicate the fiscal impact on revenues of these changes. According to the Elevator Safety Division, there are 16,729 elevators currently inspected. The fees collected for permits and inspections of regulated lifting devices, along with revenues from amusement device inspections, are deposited in the Fire and Building Services Fund administered by the State Building Commissioner. According to Indiana Code, the Fire and Building Services Fund is established to defray the personal service, other operating, and capital expenses of the Fire and Building Services Department, the Education Board, the Rules Board, and the Commission. Revenues from regulated lifting devices and amusement device permits are shown in Table 1.

<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
\$1,109,884	\$737,590	\$713,519	\$723,314	\$785,963

Also under the bill, the definition of a Class C infraction for installing or altering a regulated lifting device without a license would be expanded to include erecting or constructing a regulated lifting device without a license. If additional court cases occur, revenue to the state General Fund may increase if infraction judgments and court fees are collected. The maximum judgment for a Class C infraction is \$500 which is deposited in the state General Fund. If court actions are filed and a judgment is entered, a court fee of \$70 would be assessed. 70% of the court fee would be deposited in the state General Fund if the case is filed in a court of record or 55% if the case is filed in a city or town court.

Explanation of Local Expenditures:

Explanation of Local Revenues: There is an indeterminate fiscal impact on local units of government.

Under current law, a county, city, or town may regulate regulated lifting devices if the unit's regulatory program is approved by the Commission and the regulated lifting device is inspected by inspectors who possess the qualifications necessary to be employed by the Office of the State Building Commissioner as a regulated lifting device inspector. The local unit may set fees less than those set in the Indiana Code. There would be no change to this statute, however, inspectors would be licensed by the Commission under the bill.

If additional court actions for constructing, installing, or altering a regulated lifting device without a license are filed and a judgment is entered, local governments would receive revenue from the following sources: (1) The county general fund would receive 27% of the \$70 court fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. If the case is filed in a city or town court, 20% of the court fee would be deposited in the county general fund and 25% would be deposited in the city or town general fund. (2) A \$3 fee would be assessed and, if collected, would be deposited into the county law enforcement continuing education fund. (3) A \$2 jury fee is assessed and, if collected, would be deposited into the county user fee fund to supplement the compensation of jury members.

State Agencies Affected: Fire Prevention and Building Safety Commission, Fire and Building Services Department, Professional Licensing Agency.

Local Agencies Affected: Trial courts, local law enforcement agencies.

Information Sources: *Indiana Handbook of Taxes, Revenues, and Appropriations, Fiscal Year 2000*; State of Indiana *HRM Detail Staffing Report*, December 3, 2001.