

Fiscal Note & Local Impact Statement

127th General Assembly of Ohio

Ohio Legislative Service Commission
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BILL: **H.B. 483** DATE: **April 8, 2008**
STATUS: **As Introduced** SPONSOR: **Rep. J. McGregor**
LOCAL IMPACT STATEMENT REQUIRED: **No — Minimal cost**
CONTENTS: **Creates the Elevator Section of the Ohio Construction Industry Licensing Board and other changes**

State Fiscal Highlights

STATE FUND	FY 2009	FY 2010	FUTURE YEARS
General Revenue Fund			
Revenues	- 0 -	Potential negligible gain	Potential negligible gain
Expenditures	- 0 -	- 0 -	- 0 -
Industrial Compliance Operating Fund (Fund 5560) – Department of Commerce			
Revenues	Gain in the hundreds of thousands of dollars from elevator inspection and certificate fees	Gain in the hundreds of thousands of dollars from elevator inspection and certificate fees; Gain of \$27,000 to \$39,600 in license fees	Gain in the hundreds of thousands of dollars annually from elevator inspection and certificate fees; Gain of \$27,000 to \$39,600 in license fees annually
Expenditures	Increase of \$123,000 or more for elevator inspectors and new OCILB member positions	Increase of \$123,000 or more for elevator inspectors and new OCILB member positions	Increase of \$123,000 or more for elevator inspectors and new OCILB member positions
Division of Administration Fund (Fund 1630) – Department of Commerce			
Revenues	Gain of approximately \$20,000 from personnel assessments	Gain of approximately \$20,000 from personnel assessments	Gain of approximately \$20,000 from personnel assessments
Expenditures	- 0 -	- 0 -	- 0 -
Victims of Crime/Reparations Fund (Fund 4020) – Attorney General			
Revenues	- 0 -	Potential negligible gain	Potential negligible gain
Expenditures	- 0 -	- 0 -	- 0 -

Note: The state fiscal year is July 1 through June 30. For example, FY 2009 is July 1, 2008 – June 30, 2009.

- **Elevator inspection and certification.** More frequent inspection of passenger elevators with a capacity of 750 pounds or less would result in a gain in revenue from inspection and certificate of operation fees in the hundreds of thousands of dollars. The Department of Commerce expects that two additional elevator inspectors will be needed for this extra work. Payroll and fringe benefit costs would start at approximately



\$114,000 for both inspectors. There may also be additional costs for state vehicles and equipment for these employees, though LSC is uncertain of the magnitude of these costs.

- **Licensure of elevator mechanics and contractors.** The licensure of elevator mechanics and elevator contractors is estimated to generate approximately \$27,000 to \$39,600 in annual ongoing license fee revenue beginning in FY 2010. Current staff and computer software are adequate to handle the additional administrative work to process licenses, review continuing education courses, and so forth.
- **Board member compensation and reimbursements.** The bill expands the Ohio Construction Industry Licensing Board (OCILB) from 17 to 22 members through the creation of the Elevator Section, which is to have five members. Because of the increase in board members, OCILB member per diems may increase by approximately \$9,000 per year plus any applicable travel reimbursements.
- **Administration assessment.** Increasing payroll for the additional inspectors and OCILB board members would increase the administrative assessment on personnel costs sent to the Division of Administration Fund (Fund 1630) by approximately \$20,000.
- **State court cost revenue.** It is possible that the state may gain a negligible amount of locally collected state court cost revenue to the GRF and the Victims of Crime/Reparations Fund (Fund 4020) if there are additional prosecutions as a result of the bill.

Local Fiscal Highlights

LOCAL GOVERNMENT	FY 2008	FY 2009	FUTURE YEARS
Counties and Municipalities			
Revenues	- 0 -	- 0 -	Potential minimal gain
Expenditures	- 0 -	- 0 -	Potential minimal increase

Note: For most local governments, the fiscal year is the calendar year. The school district fiscal year is July 1 through June 30.

- **Potential additional prosecutions.** If there were additional prosecutions as a result of the bill, fine and court cost revenue would presumably offset some or all of any increase in criminal justice costs for counties and municipalities. Fines collected remain in the county of prosecution.

Detailed Fiscal Analysis

Overview

The bill creates the Elevator Section of the Ohio Construction Industry Licensing Board (OCILB), requires the licensure of elevator contractors and elevator mechanics, and makes changes to the laws governing elevator servicing and inspections. OCILB currently licenses commercial contractors in the electrical, HVAC, hydronics, plumbing, and refrigeration trades. There are approximately 21,000 contractors licensed by OCILB.

Regulation of elevator mechanics and elevator contractors

Beginning eighteen months after the effective date of this bill (approximately 1 year and 9 months from passage of the bill), persons are prohibited from acting or claiming to be an elevator mechanic or elevator contractor unless that person has obtained a license from OCILB. All individuals engaged in erecting, constructing, installing, altering, servicing, repairing, or maintaining elevators must obtain an elevator mechanic license while any sole proprietor, firm, or corporation that is engaged in such business must obtain an elevator contractor license. The bill includes a grandfathering provision allowing elevator mechanics to receive a license without examination or fee up to a year after the effective date of the bill if the person has worked without supervision as an elevator mechanic for an elevator contractor in the elevator industry and has been an elevator mechanic within the three years prior to the bill's effective date.

Elevator mechanics and elevator contractors becoming licensed upon the delayed effective date would pay initial license fees totaling \$50 and an annual renewal fee of \$60, which are the current fees established under OCILB rules. Under the new licensing program, the Department estimates that it will regulate approximately 400 to 600 elevator mechanics and approximately 50 to 60 elevator contractor licenses. Under a scenario in which mechanics and contractors would seek initial licensure via the grandfathering provision and thus would not pay initial license fees, the Industrial Compliance Operating Fund (Fund 5560), which receives fee revenue from OCILB-licensed contractors, would receive approximately \$27,000 to \$39,600 in annual renewal fee revenue beginning in FY 2010. OCILB may also gain revenue from continuing education per course approval fees (\$10 + \$1/credit hour) and an annual fee of \$25 from each training provider.

Temporary or emergency licenses

This bill allows the Elevator Section of OCILB to issue a temporary emergency elevator mechanic license to a qualified individual when the Governor declares the state of Ohio to be in a state of emergency due to a natural disaster or mass work stoppage that results in an insufficient number of licensed elevator mechanics required to safely maintain elevators in the state. A temporary emergency license is valid for not more than 45 days and may be renewed for an additional 30 days if the state of emergency is still in effect. No fees can be charged for the issuance or renewal of a temporary emergency elevator mechanic license.

In addition, the Elevator Section may issue temporary elevator mechanic licenses to qualified individuals if it is determined that there is a shortage of licensed elevator mechanics. A temporary license is valid for not more than one year and may be renewed annually if a shortage persists. The Elevator Section is required to determine the fee charged for the issuance or renewal of a temporary elevator mechanic license. Estimating any revenue received from temporary mechanic licenses would be difficult as it is unknown when or if a workforce shortage will occur or what the fee for the temporary license will be.

Elevator section of the OCILB

The bill expands OCILB from 17 to 22 members through the creation of the Elevator Section, which is to have five members and be responsible for the licensure of elevator contractors and elevator mechanics. Each member of OCILB, other than the Director or Superintendent or their designees, receives a per diem amount fixed by state law for conducting Board business and for the time spent in necessary travel, as well reimbursement for all other actual and necessary expenses incurred in the discharge of their duties. According to the Division of Industrial Compliance (DIC), OCILB board member per diem is \$187.60 and OCILB sections meet once per month, resulting in per diems of up to \$2,251 per year for each member. Board members also receive travel reimbursement at 50.5 cents per mile. Because of the increase in board members, OCILB member per diems may increase by approximately \$9,000 per year plus any applicable travel reimbursements.

According to OCILB, its current staff and computer software are adequate to handle the additional administrative work to process licenses, review continuing education courses, and so forth. OCILB currently employs eight administrative staff and two investigators.

Elevator inspections

The bill removes a provision allowing the Board of Building Standards (BBS) to designate by rule classifications of passenger elevators with a capacity of 750 pounds or less (i.e. handicap chair lifts) that must be inspected once every 12 months. Removing this provision requires handicap chair lifts to be inspected twice every 12 months, which is the standard for other passenger elevators. These lower capacity elevators make up less than 10% of the 28,000 units DIC inspects, meaning that there are fewer than 2,800. DIC's Operations and Maintenance Bureau performs over 50,000 elevator inspections annually with a current staff of 45 field inspectors and three field supervisors.

This change may increase elevator inspection and certificate of operation fee revenue considerably. For instance, fees for elevator inspections are \$20 plus \$10 per landing. By doubling the number of inspections per year, inspection fee revenue would increase accordingly for these types of elevators. This would increase revenue from the inspection fees by up to \$112,000 plus landing fees. Additionally, annual certificate of operation fees for elevators inspected every six months (\$200 plus \$10 per landing) is higher than the fees for annually inspected units (\$55 plus \$10 per landing). The higher certificate of operation fee would increase revenue by up to \$406,000 plus landing fees.

Inspection workload and related expenditures would increase because of this change. The Department of Commerce (COM) estimated that two additional elevator inspectors would be needed to perform the additional inspections. Each inspector's payroll and benefit costs

would likely start at approximately \$57,000, based on the Elevator Inspector classification at pay step 1 (\$21.03 per hour) and fringe benefits estimated at 30% of wages. Annual payroll costs would then be approximately \$114,000 for the two employees. There may also be additional costs for state vehicles and equipment, though LSC is uncertain of the magnitude of these costs.

COM's Division of Administration is funded by a 17.5% assessment of the actual payroll costs incurred by each operating fund within the Department. This would apply to the new Elevator Section. Increasing payroll for the elevator inspectors and OCILB board members may increase the administrative assessment on personnel sent to the Division of Administration Fund (Fund 163) by approximately \$20,000.

Additionally, under current law, the Superintendent must hire an assistant who has at least ten years of experience in the construction, installation, maintenance, and repair of elevators and their equipment. Under the bill, the Superintendent must hire a chief elevator inspector instead of an assistant. The chief elevator inspector is not required to have at least ten years of experience, but must have experience in the inspection of nonresidential elevators. According to DIC, this is purely a title change. The new position exists, but under the title of Industrial Safety Administrator, meaning that no new personnel costs would be incurred.

Criminal Penalty

Current law prescribes certain penalties for persons acting as or claiming to be a type of contractor without the proper licensure required by OCILB. The bill extends this prohibition to elevator contractors and elevator mechanics. Persons committing such violations are guilty of a minor misdemeanor on the first offense and fourth-degree misdemeanors on subsequent offenses. The former penalty carries a \$150 fine while the latter carries a maximum sentence of 30 days and a maximum fine of \$250.

Therefore, if there were additional prosecutions as a result of this bill, there may be a minimal increase in county and municipal adjudication and prosecution expenses. Presumably, fine and court cost revenue would offset some or all of any increase in costs for these entities. Fines collected remain in the county of prosecution. If there are additional prosecutions, it is also possible that the state may gain a negligible amount of state court cost revenue. For misdemeanors, the GRF receives \$15 per case and the Victims of Crime/Reparations Fund (Fund 4020) receives \$9 per case.

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