

March 10, 2015

The Honorable Mark Hutton, Chairperson
House Committee on Commerce, Labor and Economic Development
Statehouse, Room 521-E
Topeka, Kansas 66612

Dear Representative Hutton:

SUBJECT: Fiscal Note for HB 2356 by House Committee on Commerce, Labor and Economic Development

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2356 is respectfully submitted to your committee.

HB 2356 would establish the Elevator Safety Act and would create the Elevator Safety Review Board. This Act governs the design, construction, operation, inspection, testing, maintenance, alteration, and repair of elevators, lifts, escalators, moving walkways, and dumbwaiters. The Elevator Safety Review Board would comprise the Secretary of Labor (or designee), the Secretary of Administration (or designee), and seven members appointed by the Governor from specific areas of expertise, local government, and the general public. The bill outlines the requirements and the terms of board members. The Board would have the authority to make rules and regulations. The Board would be required to appoint a Director of Licenses. Operations of the Board would be funded through fees generated by the issuance of permits and licenses. The bill details the licensing qualifications, continuing education requirements, record keeping requirements, and details violations and penalties under the Act. The provisions of the Act would take effect on January 1, 2017.

Estimated State Fiscal Effect				
	FY 2015 SGF	FY 2015 All Funds	FY 2016 SGF	FY 2016 All Funds
Revenue	--	--	--	--
Expenditure	--	--	\$618,000	\$618,000
FTE Pos.	--	--	--	4.00

The Department of Labor indicates HB 2356 would require \$618,000 from the State General Fund in FY 2016 to implement the bill. The Department indicates the bill would require 4.00 new FTE inspection positions to be hired, trained, and certified. Currently, most of the

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inspection personnel who are employed by the Department work from their homes. Each inspector has a computer and a telephone/fax at their home offices. Additionally, each inspector has a vehicle for visiting the different inspection locations. The Department estimates that ongoing costs would be approximately \$450,000 in FY 2017 and each future fiscal year, and would be comparable to the expenses of the Boiler Unit when it was operated by the Department.

The Department estimates that revenues are not expected during the first year of operating this program as much of the year will be spent hiring, training, and certifying personnel. The Department does not have funding available for the startup costs of this new program and would need funding from the State General Fund to cover these costs. The agency indicates that a fee schedule would need to be developed for services provided by the Board and the inspectors in order to make this a fee-funded operation in FY 2017 and each future fiscal year.

The Department of Administration states that elevators and other such conveyances in buildings owned by the state would be required to follow the rules and regulations established by the Elevator Safety Review Board. The fees imposed by the Board would be borne by the Department of Administration for state-owned buildings managed by the Department. The Department of Administration indicates that these fees would likely have a negligible effect on the Department's budget and could be absorbed within existing resources. Any fiscal effect associated with HB 2356 is not reflected in *The FY 2016 Governor's Budget Report*.

The League of Kansas Municipalities and the Kansas Association of Counties indicate the bill would void all local laws that regulate elevators and other such conveyances unless the local laws regulates elevators and other such conveyances more strictly, sets higher standards, or has higher safety requirements than the Elevator Safety Act. The League and the Association do not have information on the level of local regulation of elevators and other such conveyances to determine the precise fiscal effect on local governments or the potential loss of local revenues from inspection and licensing fees as a result of this bill.

Sincerely,

A handwritten signature in black ink, appearing to read "Shawn Sullivan", with a horizontal line extending to the right.

Shawn Sullivan,
Director of the Budget

cc: Dawn Palmberg, Department of Labor
Larry Baer, League of Municipalities
Melissa Wangemann, Association of Counties
Colleen Becker, Department of Administration