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GOVERNOR JEFF COLYER, M.D.
LARRY L. CAMPBELL, CHIEF BUDGET OFFICER

March 15, 2018

The Honorable John Barker, Chairperson
House Committee on Federal and State Affairs
Statehouse, Room 285-N
Topeka, Kansas 66612

Dear Representative Barker:

SUBJECT: Fiscal Note for HB 2765 by House Committee on Federal and State Affairs

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2765 is respectfully submitted to your committee.

HB 2765 would require the Office of the State Fire Marshal (OSFM) to regulate elevators and other conveyances including dumbwaiters, escalators, moving sidewalks, platform lifts, and stairway chairlifts. The OSFM would be required to adopt rules and regulations regarding the operation, maintenance, servicing, construction, alteration, installation, and inspection of equipment and conveyances. The bill would prohibit any city or county from making any ordinances or resolutions regulating conveyances unless the ordinances or resolutions would be stricter than provisions of the Act. The bill would require the OSFM to issue licenses for elevator contractors, mechanics, and inspectors, and would limit application fees to \$1,000 for elevator contractors, \$500 for elevator mechanics, and \$250 for elevator inspectors.

The bill would require all elevator contractors, mechanics, and inspectors to obtain a license prior to doing business. Applicants would be required to disclose work experience, workers compensation and liability insurance coverage, and to complete a background check by the Kansas Bureau of Investigation. Applicants would be required to have liability insurance with at least a \$1,000,000 limit and property damage insurance with at least a \$500,000 limit. They would also be required to complete a mechanic's examination from a nationally recognized training program for the elevator industry or complete a four-year apprenticeship program. Elevator mechanics would be required to have at least four years of work experience in the elevator industry and complete a written examination developed and administered by the OSFM. The bill would require the OSFM to draft rules and regulations regarding licensure requirements for elevator inspectors. All licensees would be required to obtain at least eight hours of continuing education coursework within 12 months preceding license renewal that is designed to inform licensees on new and existing provisions of the rules and regulations adopted by the OSFM.

Licenses would be required to pay a \$50 renewal fee each year to maintain their licenses. Licensees who violate provisions of the Act would be subject to license suspension, license revocation, or a civil penalty up to \$1,000 per violation. Violations of the Act include providing false information on an application, fraud or bribery in securing a license, and failure to notify the owner or lessee that a conveyance is not in compliance with the Act.

The bill would also require the owner or lessee of every existing conveyance to register with the OSFM and provide information regarding the type and location of each conveyance. The owner or lessee of any conveyance would be required to have it inspected annually by a licensed elevator inspector. Owners or lessees of conveyances must receive a certificate of operation from the OSFM, demonstrate compliance with all pertinent rules and regulations, and pay an annual fee up to \$100 per conveyance. The bill would require elevator contractors to obtain a permit before constructing any new conveyances and pay a permit fee up to \$400. Only licensed elevator contractors would be allowed to construct new conveyances. The bill would also create the Elevator Safety Advisory Board, which would consist of nine members including (1) the State Fire Marshal or their designee; (2) the Secretary of Administration or their designee; (3) a representative from a major elevator manufacturing company; (4) a representative from an elevator servicing company; (5) a representative from the architectural design or elevator consulting profession; (6) a member of the general public; (7) a representative from a city or county in Kansas; (8) a building owner or building manager; and (9) a representative of labor involved in the installation, maintenance, and repair of elevators. The Board would be responsible for considering and recommending rules, regulations, and legislation to the OSFM.

Estimated State Fiscal Effect				
	FY 2018 SGF	FY 2018 All Funds	FY 2019 SGF	FY 2019 All Funds
Revenue	--	--	--	--
Expenditure	--	--	--	74,500
FTE Pos.	--	--	--	2.00

The Office of the State Fire Marshal (OSFM) indicates that enactment of HB 2765 would require additional expenditures of \$74,500 beginning in FY 2019 from agency fee funds. Of this amount, \$62,000 would be for salaries and wages for 1.00 Annual Enforcement FTE position, \$7,500 would be for salaries and wages for 1.00 Senior Administrative Assistant FTE position for the last two months of FY 2019, and \$5,000 would be for IT charges and equipment. After FY 2019, the annual salary for the senior administrative assistant position would be \$45,000. The annual enforcement position would be responsible for developing rules and regulations, licensing application forms, and procedures for processing licensing applications, as well as coordinating the required criminal background checks. The senior administrative assistant would be responsible for processing license applications, handling fees, and coordinating the issuing of all licenses. The OSFM indicates that the bill would also generate revenue to the Elevator Safety Fee Fund from fees and fines. The total revenue cannot be estimated because the total number of companies and individuals that would require licensure and permitting is unknown. However, the OSFM

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estimates that any revenue generated by the bill would not exceed the expenditures required to implement the bill.

The Kansas Association of Counties and League of Kansas Municipalities indicate that enactment of HB 2765 would require each city and county to conduct an annual inspection of each conveyance and pay an annual fee of up to \$100 per conveyance to the OSFM. However, the fiscal effect cannot be estimated because the number of conveyances owned by each city and county in the state is unknown. Any fiscal effect associated with HB 2795 is not reflected in *The FY 2019 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "L. Campbell", written in a cursive style.

Larry L. Campbell
Chief Budget Officer

cc: Doug Jorgensen, Fire Marshal
Chardae Caine, League of Municipalities
Melissa Wangemann, Association of Counties