

March 26, 2014

The Honorable Richard Carlson, Chairperson
House Committee on Taxation
Statehouse, Room 185-N
Topeka, Kansas 66612

Dear Representative Carlson:

SUBJECT: Fiscal Note for HB 2618 by House Committee on Commerce, Labor and Economic Development

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2618 is respectfully submitted to your committee.

HB 2618 would establish the Elevator Safety Act and would create an Elevator Safety Review Board. The Elevator Safety Review Board would consist of the Secretary of Labor (or representative), the Secretary of Administration (or representative), and seven members appointed by the Governor from specific areas of expertise, the general public, and the private sector. The bill outlines the requirements and the terms of board members. The Board would have the authority to make rules and regulations. The bill would require the Board to appoint a Secretary of the Board and a Director of Licenses. Operations of the Board would be funded through fees generated by the issuance of permits and licenses, as well as penalties and fines. Also, the bill would establish licensing requirements for the installation, repair, maintenance, and operation of devices used to lift or for movement such as elevators, escalators, lifts, moving walkways, and cranes.

The Department of Labor and the Department of Administration indicate that the passage of HB 2618 would have a fiscal effect on state operations. The Department of Labor states that implementation of the bill would require inspection personnel to be hired. Currently, most of the inspection personnel who are employed by the Department of Labor 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 agency estimates that \$160,430 in expenditures in FY 2015 would be required to implement the bill. Of that total, \$117,000 would be for salaries and wages for two Safety Inspector positions, \$33,150 would be for two vehicles, and \$10,280 would be for other operating expenditures such as computers, communications, and fuel. Ongoing costs in future years would be slightly less, as expenses for vehicles and computers would be one-time expenditures. The agency states that a fee schedule

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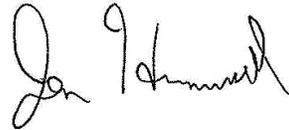
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would need to be developed for services provided by the Board and the inspectors in order to make this a fee-funded operation.

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 2618 is not reflected in *The FY 2015 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Jon Hummell". The signature is written in a cursive style with a large initial "J" and "H".

Jon Hummell,
Interim Director of the Budget

cc: Dawn Palmberg, Labor
Pam Fink, DofA