

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)</b>				
	<b>FY 2013-14</b>		<b>FY 2014-15</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS	See Below		See Below	
CASH FUNDS	See Below	See Below	See Below	See Below
FEDERAL FUNDS	See Below	See Below	See Below	See Below
OTHER FUNDS				
TOTAL FUNDS	See Below	See Below	See Below	See Below

**Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.**

LB 437 transfers responsibility for the Conveyance Safety Act, the Nebraska Amusement Ride Act, and the Boiler Inspection Program from the Department of Labor to the State Fire Marshal.

In addition, a number of sections of statute are outright repealed, mostly dealing with the Conveyance Safety Act.

The bill has an operative date of October 1, 2013.

The Department of Labor has also indicated that it is their intent to move the OSHA Consultation Program to the State Fire Marshal. This program is not mentioned in LB 437 as it is not covered in state statute. However, since it is the intent of LB 437 to move all of the safety programs from the Department of Labor to the State Fire Marshal, it makes administrative and fiscal sense to include the OSHA Consultation Program. The fiscal note from the Department includes the OSHA program in order to show the impact of transferring all of the safety programs.

The Department indicates that if LB 437 is adopted, effective October 1, 2013, all personnel in the Department's safety programs will be removed from the Department of Labor. Currently there are 15 positions; however, included in the Department's budget request for the upcoming biennium is a new Boiler Inspector position that, if approved, would be added on July 1, 2013.

The State Fire Marshal indicates that the DOL has notified them of the intent to transfer 16 positions, some of which are currently vacant. We assume the total of 16 positions includes the requested Boiler Inspector position noted above.

Of the positions being transferred, one is the Director of the entire program; there are 4.0 FTE in the Boiler Inspection division; there are 4.0 FTE in the Conveyance division; and in the Safety division there are 7.0 FTE. The FTE in the Safety division are related to OSHA and are federally funded with a 90%/10% federal fund/general fund match.

The Fire Marshal notes that the DOL budget request notes that there is not sufficient funding in the Mechanical Safety Inspection Fund to support the current Conveyance Program. LB 437 removes the statutory requirements to have the state elevator inspector deputies. As such, The DOL will be transferring four positions related to the Elevator Inspection Program, but two of those positions will be eliminated upon the effective date of the bill. The Fire Marshal will be retaining a staff assistant position as the Fire Marshal is charged with retaining insurance information and issuing various documents. The Fire Marshal will also retain the Program Manager to assist the public with questions and conduct the inspections that are still required if a complaint is received or an accident would occur with a conveyance or amusement ride in the state.

The State Fire Marshal estimates the following fiscal impact as a result of LB 437:

	<b>FY2013-14:</b>		<b>FY20-14-15:</b>	
	<b>Expenditures:</b>	<b>Revenue:</b>	<b>Expenditures:</b>	<b>Revenue:</b>
General Funds:	\$ 46,939		\$ 62,585	
Cash Funds:	\$ 589,934	\$ 510,300	\$ 715,543	\$ 731,900
Federal Funds:	\$ 436,500	\$ 436,500	\$ 582,000	\$ 582,000
Total Funds:	\$1,073,373	\$ 946,800	\$1,360,128	\$1,313,900

The Department of Labor estimates the following fiscal impact as a result of LB 437:

	FY2013-14:		FY2014-15:	
	Expenditures:	Revenue:	Expenditures:	Revenue:
General Funds:	(\$ 44,869)		(\$ 59,826)	
Cash Funds:	(\$ 712,615)	(\$ 623,475)	(\$ 972,934)	(\$ 831,300)
Federal Funds:	(\$ 403,823)	(\$ 436,500)	(\$ 538,430)	(\$ 582,000)
<b>Total Funds:</b>	<b>(\$1,161,307)</b>	<b>(\$1,059,975)</b>	<b>(\$1,571,190)</b>	<b>(\$1,413,300)</b>

The Department's fiscal note indicated that their summary did not show a shift in the NDOL's federal funds and General and Cash Funds due to NDOL's allocation methodology. With less state funds to bear their shift of the overhead, these overhead expenses will be spread among primarily federal funds. Based upon budget this amount would be approximately \$225,000 based upon the budgeted positions in the fiscal note. At this time there appears to be enough appropriations in the federal estimated dollars to cover the shift.

We have no basis upon which to disagree with either agency's estimate of fiscal impact. Therefore, based upon the two fiscal impact estimates submitted by the two agencies involved in the transfer the net fiscal impact of LB 437 will be as follows:

	FY2013-14:		FY2014-15:	
	Expenditures:	Revenue:	Expenditures:	Revenue:
General Funds:	\$ 2,070		\$ 2,759	
Cash Funds:	(\$ 122,681)	(\$ 113,475)	(\$ 257,391)	(\$ 99,400)
Federal Funds:	\$ 32,677		\$ 43,470	
<b>Total Funds:</b>	<b>(\$ 87,934)</b>	<b>(\$ 113,175)</b>	<b>(\$ 211,062)</b>	<b>(\$ 99,400)</b>

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB: <b>LB 437 – Revised</b>	AM:	AGENCY/POLIT. SUB: <b>State Fire Marshal (021)</b>	
REVIEWED BY: Joe Wilcox		DATE: February 8 <sup>th</sup> , 2013	PHONE: (402) 471-4178
COMMENTS: The State Fire Marshal revised estimate of fiscal impact from LB 437 includes adding 13.75 FTE's and operating costs to handle the added duties related to taking on inspection functions for Boilers, Conveyances (Elevators), Amusement Rides, and OSHA Consultation, which would be moved from the Department of Labor (Agency 023) to the State Fire Marshal. The additional costs do not match dollar-for-dollar with those being reduced by the Department of Labor, but are consistent with the fiscal note provided by the Department of Labor, given the cost structures relative to the Fire Marshal's Office. The differences are primarily related to the different agency organization, office space, overhead, and infrastructure costs. The State Fire Marshal estimates appear reasonable.			

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB: <b>LB 437 – Revision #2</b>	AM:	AGENCY/POLIT. SUB: <b>Nebraska Department of Labor (023)</b>	
REVIEWED BY: Joe Wilcox		DATE: February 8 <sup>th</sup> , 2013	PHONE: (402) 471-4178
COMMENTS: The Revised Nebraska Department of Labor estimate of fiscal impact for LB 437 is based on shifting several functions to the State Fire Marshal (Agency 021), including Conveyance (Elevator) Safety Inspections, Amusement Ride Inspections, Boiler Inspections, and the OSHA Consultation Program. The Department of Labor will eliminate, for its agency, a total of fifteen (15) FTE. The reduction in General Funds is tied to the reduction in federal funds for the OSHA program, as there is a state match requirement for this grant. The Department of Labor fiscal note presumes the federal grant and the state match requirements would move to the State Fire Marshal. The overall cost reductions presented in the agency fiscal note for the Department of Labor are consistent with costs identified in the agency's budget request detail. The agency revision simply added narrative concerning the internal handling of the Department of Labor handling of indirect cost allocations and the resulting fund shifts this creates with the elimination of the safety inspection functions within their Safety Program.			

Please complete ALL (5) blanks in the first three lines.

2013

LB<sup>(1)</sup> 437 FISCAL NOTE

State Agency OR Political Subdivision Name: <sup>(2)</sup> State Fire Marshal

Prepared by: <sup>(3)</sup> Cathy Wann Date Prepared: <sup>(4)</sup> 2/6/13 Phone: <sup>(5)</sup> (402) 471-9479

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2013-14</u>		<u>FY 2014-15</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>46,939</u>	<u></u>	<u>62,585</u>	<u></u>
CASH FUNDS	<u>589,934</u>	<u>510,300</u>	<u>715,543</u>	<u>731,900</u>
FEDERAL FUNDS	<u>436,500</u>	<u>436,500</u>	<u>582,000</u>	<u>582,000</u>
OTHER FUNDS	<u></u>	<u></u>	<u></u>	<u></u>
TOTAL FUNDS	<u>1,073,373</u>	<u>946,800</u>	<u>1,360,128</u>	<u>1,313,900</u>

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

Explanation of Estimate: LB 437 transfers powers and duties of the Boiler Inspection Act, the Conveyance Safety Act and the Nebraska Amusement Ride Act to the State Fire Marshal (SFM) Agency. We have received written notice that the Department of Labor (DOL) is intending to transfer 16 positions, some of which are currently vacant. Of these positions being transferred one is the Director of the entire program, in the Boiler Inspection division there are four FTE, in the Conveyance division there are four FTE and in the Safety division there are seven positions. The seven FTE in the Safety Division are related to OSHA and are federally funded with a 90/10% match. There are also positions staying with the DOL which have salaries and benefits allotted to the Acts being transferred; these are Legal Counsel, IT and accounting. This fiscal note allots a part-time accounting clerk (new position) and overtime for our current IT person. Based on the effective dates in the LB, expenditures were estimated for nine months the first year, and one full year in 2014-15 with salary increases of 2.25% each year.

Operating costs were based on office space ranging from \$12 to \$17 per square foot; equipment that currently belongs to the DOL, such as copy machines, being replaced with desktop printers since the transferred employees will no longer have access to central printer/copiers; office supplies; postage; phones; internet service; data processing; printing costs; accounting and purchasing assessments by Administrative Services; and other costs obtained from Department of Labor's budget submittal. New item expenditures such as the desk top printers were included in the first year expenditures only.

The Boiler Safety Code Advisory Board meets once a year and there are seven members that would receive \$50 each per day plus mileage and expenses. Five hundred dollars was estimated in the operating figures of 2014-2015 to pay for the annual meeting.

The revenues estimated for 2014-2015 for the Boiler Inspection Act are based on 10,500 boilers times \$36 for the annual certification fee which totals \$378,000. One hundred unfired pressure vessels times \$36, which is the annual certification, and the special certification fee for unfired pressure vessels equals \$3,600. Eight hundred state inspections at an average fee of \$38 each equal \$30,400 for a minimum total sum of \$412,000.

There are 350 amusement rides in Nebraska and the operational permit fee is \$50 for a total of \$17,500. This is the amount shown in the estimated cash revenues in 2014-2015.

The revenues projected for the Conveyance Safety Act are based on 6,048 elevators in the State times \$50 per certification which equal \$302,400 annually.

The total revenues project for the fiscal year 2013-14 are based on the total certification fees that could be generated in a nine month period based on the effective date listed in LB 437. As such the total revenues for 2013-14 are \$510,300 and the total revenues for 2014-15 are (for a full twelve months) \$731,900.

As stated in the DOL's budget submittal, there is not sufficient funding in the Mechanical Safety Inspection Fund to support the current Conveyance Program. The language of LB 437 removes the statutory requirements to have state elevator inspector/deputies. As such, the DOL will be transferring four positions related to the Elevator Inspector Inspection program, but two of those positions will be eliminated upon the effective date of the bill. The SFM Agency will be retaining a staff assistant position as the Agency will be charged with retaining insurance information and issuing various documents. Additionally, the SFM Agency will be retaining the Program Manager position to assist the public with questions and

conduct the inspections that are still required if a complaint is received or an accident would occur with a conveyance or amusement ride in the State. The Unemployment costs for the two eliminated positions were not figured in the cost estimates by the SFM Agency since the DOL should be responsible for those costs.

\*\*\*\*\*This fiscal note was prepared by the SFM Agency with the understanding that it is a transfer of programs from one State Agency to another. As such it was assumed that various items associated with the transferred programs would be automatically transferred to the SFM Agency. These items include: office furniture (desks, chairs, file cabinets); code books and related materials; previous inspection records and documentation related to inspected/certified facilities; and forms and other office supplies related to the program functionality. However, LB437 does not make any references to the transfer of the fund balances for the Mechanical Safety Inspection Fund and the Boiler Inspection Fund. Additionally, the LB makes no mention of the OSHA program or federal fund balances and appropriations of that program that will be transferred, but those positions are included in the total positions to be transferred. Despite that, Federal funds and a general fund 10% matching appropriation are being shown in the 2013-14 and 2014-15 expenditures and revenues, since DOL is transferring the OSHA program to the SFM. As shown above, the cash expenditures for FY13-14 are higher than the revenues collected. In order for the program to be self-sufficient access to the cash balance in the funds will be required. If such access is not granted, this fiscal note will need to be amended to show a request for more general funds to offset the deficit in cash funds.\*\*\*\*\*

**MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

POSITION TITLE	NUMBER OF POSITIONS		2013-14	2014-15
	13-14	14-15	EXPENDITURES	EXPENDITURES
Director	1	1	66,317	90,633
Elevator Inspection Manager	1	1	44,800	61,077
Boiler Inspection Manager	1	1	52,405	71,446
Boiler Inspector	1	1	29,186	39,790
Safety Program Manager	1	1	46,778	63,774
Safety Consultant – OSHA	3	3	92,221	125,728
Safety Inspector Hygienist	2	2	75,813	103,357
Staff Assistant	3	3	73,845	100,922
Accounting Clerk	.5	.5	8,460	11,851
I.T.	.25	.25	8,096	11,065
Total PSL	13.75	13.75	497,921	679,643
Benefits.....			183,560	250,560
Operating.....			250,510	334,013
Travel.....			69,382	87,023
Capital outlay.....			36,000	8,889
Aid.....				
Capital improvements.....				
<b>TOTAL.....</b>			<b>1,073,373</b>	<b>1,360,128</b>

Please complete ALL (5) blanks in the first three lines.

**LB<sup>(1)</sup> 437 FISCAL NOTE - REVISION #1**

State Agency OR Political Subdivision Name: <sup>(2)</sup> Nebraska Department of Labor

Prepared by: <sup>(3)</sup> Debbie Kay Ward Date Prepared: <sup>(4)</sup> 2/7/2013 Phone: <sup>(5)</sup> 402-471-2492

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

	<u>FY 2013-14</u>		<u>FY 2014-15</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>(\$44,869)</u>	<u></u>	<u>(\$59,826)</u>	<u></u>
CASH FUNDS	<u>(\$712,615)</u>	<u>(\$623,475)</u>	<u>(\$972,934)</u>	<u>(\$831,300)</u>
FEDERAL FUNDS	<u>(\$403,823)</u>	<u>(\$436,500)</u>	<u>(\$538,430)</u>	<u>(\$582,000)</u>
OTHER FUNDS	<u></u>	<u></u>	<u></u>	<u></u>
<b>TOTAL FUNDS</b>	<u><b>(\$1,161,307)</b></u>	<u><b>(\$1,059,975)</b></u>	<u><b>(\$1,571,190)</b></u>	<u><b>(\$1,413,300)</b></u>

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

**Explanation of Estimate:** LB 437 would move responsibility for the Conveyance Safety Act, the Nebraska Amusement Ride Act, and the Boiler Inspection Act from the Nebraska Department of Labor (NDOL) to the State Fire Marshal (SFM). It is also the intent of NDOL to move the OSHA Consultation Program to the SFM. The OSHA Consultation Program is not mentioned in LB 437 as it is not covered in state statutes. This fiscal note will include the OSHA Consultation move to show the impact of the transfer of all safety programs from NDOL to the SFM.

If this bill passes, effective October 1, 2013, all personnel in the NDOL safety programs will be eliminated from NDOL. Currently there are 15 positions; the current budget shows that a new Boiler Inspector position has been requested to be added on July 1, 2013.

**MAJOR OBJECTS OF EXPENDITURE**

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2013-14</u>	<u>2014-15</u>
	<u>13-14</u>	<u>14-15</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Staff Assistant I	-1.0	-1.0	<u>(\$24,934)</u>	<u>(\$33,994)</u>
Boiler Inspector Program Manager	-1.0	-1.0	<u>(\$52,277)</u>	<u>(\$71,271)</u>
Boiler Inspector	-1.0	-1.0	<u>(\$29,114)</u>	<u>(\$39,692)</u>
Staff Assistant I	-1.0	-1.0	<u>(\$25,951)</u>	<u>(\$35,380)</u>
Elevator Inspection Program Manager	-1.0	-1.0	<u>(\$42,458)</u>	<u>(\$57,885)</u>
Elevator/Amusement Ride Inspector	-2.0	-2.0	<u>(\$76,500)</u>	<u>(\$104,295)</u>
Staff Assistant I	-1.0	-1.0	<u>(\$21,128)</u>	<u>(\$28,804)</u>
Safety Program Manager	-1.0	-1.0	<u>(\$46,656)</u>	<u>(\$63,607)</u>
Safety Consultant	-3.0	-3.0	<u>(\$91,994)</u>	<u>(\$125,419)</u>
Safety Industrial Hygienist	-2.0	-2.0	<u>(\$75,865)</u>	<u>(\$103,429)</u>
Safety Division Director	-1.0	-1.0	<u>(\$65,993)</u>	<u>(\$89,971)</u>
Salaries Subtotal	-15	-15	<u>(\$552,871)</u>	<u>(\$753,747)</u>
Benefits.....			<u>(\$206,497)</u>	<u>(\$281,525)</u>
Operating.....			<u>(\$305,560)</u>	<u>(\$407,413)</u>
Travel.....			<u>(\$72,004)</u>	<u>(\$96,005)</u>
Capital outlay.....			<u>(\$24,375)</u>	<u>(\$32,500)</u>
Capital improvements.....				
<b>TOTAL.....</b>			<u><b>(\$1,161,307)</b></u>	<u><b>(\$1,571,190)</b></u>