

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

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2013-14</b>		<b>FY 2014-15</b>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	See Below		See Below	
CASH FUNDS	See Below	See Below	See Below	See Below
FEDERAL FUNDS				
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 19 amends the Conveyance Safety Act.

In general the bill transfers the responsibility for inspections and enforcement of the Act from the Commissioner of Labor to the State Fire Marshal. All references to “Commissioner” are struck and replaced with “State Fire Marshal.”

The bill changes the name of the Conveyance Advisory Committee to the Conveyance Committee and changes the makeup and membership of the Committee. The bill removes the State Fire Marshal from the Committee and now requires that one member of the Committee be a representative of labor involved in the elevator industry and, after the expiration of the terms of the members of the general public from counties of more than 100,000 inhabitants, that the Governor fill those positions with representatives from three different counties to represent (one each) urban, suburban, and rural interests. In general the members are to serve three year terms except the state elevator inspector who shall serve continuously.

Under current statute, the Committee serves as an advisory body to the Commissioner of Labor. LB 19 gives the Committee the authority and responsibility to adopt and promulgate rules and regulations for conveyances including a number of existing safety codes which are listed in section 5 of the bill. The Committee is also to adopt the most recent editions of those standards within six months after publication. The Committee may also grant a variance or exception from state standards or local ordinances if such variance will not jeopardize public safety. The Committee shall also adopt rules and regulations for qualifications for licensure as an elevator mechanic, elevator contractor, elevator inspector, and for temporary and emergency elevator mechanic thirty-day licenses. The Committee may also recommend legislative changes to the Conveyance Safety Act to the State Fire Marshal.

The bill changes the definition of hoisting and lowering mechanism to now include platform lifts and stairway chair lifts. It strikes the provision that the Act applies to conveyances in private residences in counties with a population over 100,000 at the time of installation.

LB 19 further amends the Act to provide that the Act does not apply to stairway chair lifts if installed in a single family dwelling or elevators in private residences.

Section 48-2512 is amended to provide that the provisions of that section now apply statewide. Current language only applies to a structure located in a county with over 100,000 inhabitants.

The Committee is also to establish a reasonable schedule of fees for licenses, permits, certificates, and inspections at a level necessary to meet the costs of administering the Conveyance Safety Act. The fees are to be remitted to the Conveyance Safety Fund, which is created by the bill.

**NOTE:** Under the current statute the fees collected under the Conveyance Safety Act are remitted to the Mechanical Safety Inspection Fund which currently is and will remain under the control of the Commissioner of Labor. The Mechanical Safety Inspection Fund receives fees from both the Conveyance Safety Act and the Nebraska Amusement Ride Act. LB 19 does not provide for a transfer of funds from the Mechanical Safety Inspection Fund to the new Conveyance Safety Fund so all funds received under both Acts will continue to be remitted to the Mechanical Safety Act until January 1, 2014.

Because the bill does not provide for a transfer of personnel from the Department of Labor to the State Fire Marshal, the State Fire Marshal will need to hire employees to staff the program in order to meet the January 1, 2014 start date in the Act. In addition, because the Amusement Ride inspection program is not transferred it will continue to be administered by the Department of Labor and will require staff.

The State Fire Marshal has indicated they will need 9.5 FTE to administer the Conveyance Safety Act and that reflects the funding level necessary to bring the program back to full staffing levels which they believe are required to meet the statutory requirements for the program if all inspections are done by state personnel versus having outside private contractors.

Because the bill does not transfer cash funds and there will necessarily be considerable time before inspection fees remitted to the new Conveyance Safety Fund reach a level that can sustain the program, the State Fire Marshal will require a General Fund appropriation for the start-up and maintenance of the program until cash funds are sufficient.

The State Fire Marshal has indicated the following fiscal impact as a result of LB 19:

	FY2013-14:		FY2014-15:	
	<u>Expenditures:</u>	<u>Revenue:</u>	<u>Expenditures:</u>	<u>Revenue:</u>
General Funds:	\$ 403,831		\$ 407,507	
Cash Funds:	\$ 67,500	\$ 67,500	\$ 564,209	\$ 564,209
Total Funds:	\$ 471,331	\$ 67,500	\$ 971,716	\$ 564,209

The State Fire Marshal indicates PSL of \$229,627.

We find no basis to disagree with the State Fire Marshal's estimate of fiscal impact.

The Department of Labor, which will retain inspection of amusement rides, indicates they will require one inspector position. In the past elevator inspectors have doubled as amusement ride inspectors and the department has never had a "dedicated" amusement ride inspector.

The Department of Labor indicates the following fiscal impact as a result of LB 19:

	FY2013-14:		FY2014-15:	
	<u>Expenditures:</u>	<u>Revenue:</u>	<u>Expenditures:</u>	<u>Revenue:</u>
General Funds:				
Cash Funds:	(\$ 546,620)	(\$ 516,000)	(\$ 550,333)	(\$ 516,000)
Total Funds:	(\$ 546,620)	(\$ 516,000)	(\$ 550,333)	(\$ 516,000)

The Department indicates a reduction of 3.0 FTE per fiscal year and a reduction of PSL of \$144,005 for FY2013-14 and \$146,886 for FY2014-15.

We find no basis to disagree with the Department of Labor's estimate of fiscal impact.

Technical Note: It appears that two sections of the bill, Sec. 4(4) and Sec. 22, are in conflict. In Sec. 4(4) the committee is required to adopt rules and regulations for emergency elevator mechanic thirty-day licenses but in Sec. 22 "thirty-day" is shown as stricken.

<b>ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSES</b>			
LB: <b>LB 19</b>	AM:	AGENCY/POLT. SUB: <b>State Fire Marshal (021)</b>	
REVIEWED BY: Joe Wilcox	DATE: February 1 <sup>st</sup> , 2013	PHONE: (402) 471-4178	
COMMENTS: The State Fire Marshal's fiscal note for LB 19 reflects costs for additional staff to conduct conveyance inspections, as well as office space and other operating costs to establish the function within the Fire Marshal agency. The estimates appear reasonable.			

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: <b>LB 19</b>	AM:	AGENCY/POLT. SUB: <b>Department of Labor (023)</b>
REVIEWED BY: Joe Wilcox	DATE: January 31 <sup>st</sup> , 2013	PHONE: <a href="tel:4024714178">(402) 471-4178</a>
COMMENTS: The Department of Labor fiscal note reflects the costs associated with the agency, that would be eliminated if the Conveyance Inspection function were removed from the agency and moved to the State Fire Marshal. Not all of the Department of Labor costs currently associated with the conveyance inspection function would go away, as it currently utilizes the same individuals to inspect both conveyances and amusement rides and the agency would need to retain at least one of these individuals to continue to perform amusement ride inspections, as that function remains with the Department of Labor in LB 19. The Department of Labor estimates of cost reductions appear reasonable based on its current performance of the conveyance inspection function (part of which is accomplished through the use of contract inspections).		

LB<sup>(1)</sup> 19 FISCAL NOTEState Agency OR Political Subdivision Name: (2) State Fire MarshalPrepared by: (3) Cathy Wann Date Prepared: (4) 1/31/13 Phone: (5) (402) 471-9479ESTIMATE 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>403,831</u>	<u></u>	<u>407,507</u>	<u></u>
CASH FUNDS	<u>67,500</u>	<u>67,500</u>	<u>564,209</u>	<u>564,209</u>
FEDERAL FUNDS	<u></u>	<u></u>	<u></u>	<u></u>
OTHER FUNDS	<u></u>	<u></u>	<u></u>	<u></u>
TOTAL FUNDS	<u>471,331</u>	<u>67,500</u>	<u>971,716</u>	<u>564,209</u>

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

**Explanation of Estimate:** Salaries and benefits, office space rental ranging from \$12 – 17 per square foot, all-in-one desk top printers (fax, scan, copy, print- since they will not have access to central printer/copiers), office supplies, postage, phones, internet service, data processing, printing costs, accounting and purchasing assessments by Administrative Services. Since the program would become effective January 1, 2014, one half of the costs are shown in 2013-2014.

Salary and benefits costs were figured based on current salaries plus the benefits as defined in the budget instruction; 02.25% was added to the salaries for 2014-15. Benefits include retirement, FICA, life insurance, health insurance, and employee assistance program costs.

Office space costs were obtained from AS-Building Division using estimated office sizes per their allowances; i.e. a staff assistant position is allowed 100 square feet office space, a manager is allowed 150 – 187 sq. ft., inspectors are permitted 120 sq. ft. each. Other operating costs were obtained from Department of Labor's budget submittal. New item expenditures such as the desk top printers were included in the first year only.

The proposal calls for the transfer of the enforcement of the program as of January 1, 2014. However there is no transfer of the funding associated with the program prior to this date. Since there is no transfer of cash funds there will need to be an allocation of general funds used as startup funds which will be needed by the Agency to carry out the statutory requirements of the act. The funds necessary for this will amount to \$403,831 and will be used to cover the costs of administrative expenses, reimbursement of any outstanding claims submitted by the private contractor that may be submitted after the transfer date, salaries, and the hiring/training of the new staff members. The State Fire Marshal Agency may advertise the positions prior to January 1, 2014, but the employees would not be able to start working for the State until after that date. The cash funds expenses and revenues are estimating that fewer inspections could be done the first half of the year since the people would need to be hired and trained prior to being able to perform inspections. The fiscal impact is based on the current language of the proposal. There are some areas where changes may occur which would require the fiscal impact to be changed. One of these areas is in relation to the committee that is formed; there is no allocation of any funding to this committee but there will be costs associated with its new operations. These could include the purchasing of code books (or electronic access) to review to adopt the new editions, as well as to review in order to promulgate rules and regulations, the costs associated with the publication notice for such adoptions, and any reimbursement to the committee members for their expenses which will increase as the committee is charged with more duties and time commitment.

Another area that would affect the fiscal impact is if language is changed to allow for a portion of the inspections to be conducted by outside contractors instead of state employees. If this change occurs then the staffing levels would need to be altered to reflect the inspections being conducted outside the Agency. The current fiscal impact contains the funding levels necessary to bring the program back to full staffing levels which are needed to meet the statutory requirements for the program if all inspections are done by state personnel versus having an outside private contract. In the second year, the fees would need to be increased to support the costs of the program. Inspection fees are currently \$100 per inspection, which generates \$ 564,209 annually and would need to be increased to \$160 per inspection.

**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>
Elevator Inspection Manager	1	1	29,138	59,587
Elevator/Amusement Ride Inspectors	6	6	153,130	306,260
Staff Assistant	2	2	33,933	69,563
Legal Counsel	.25	.25	7,785	16,278
IT	.25	.25	5,641	11,796
Total PSL			229,627	463,486

Benefits.....			156,591	336,990
Operating.....			50,000	100,000
Travel.....			30,620	61,240
Capital outlay.....			4,493	10,000
Aid.....				
Capital improvements.....				
<b>TOTAL.....</b>			<b>471,331</b>	<b>971,716</b>

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

**2013**

**LB<sup>(1)</sup> 19 FISCAL NOTE**

State Agency OR Political Subdivision Name: (2) Nebraska Department of Labor

Prepared by: (3) Debbie Kay Ward Date Prepared: (4) 1/30/2013 Phone: (5) 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				
CASH FUNDS	<u>\$(546,620)</u>	<u>\$(516,000)</u>	<u>\$(550,333)</u>	<u>\$(516,000)</u>
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	<u>\$(546,620)</u>	<u>\$(516,000)</u>	<u>\$(550,333)</u>	<u>\$(516,000)</u>

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

Explanation of Estimate: The Nebraska Department of Labor will need to retain one elevator/amusement ride inspector position because LB 19 does not transfer the responsibility for the Nebraska Amusement Ride Act. This act requires the Nebraska Department of Labor to inspect all amusement rides annually that operate in Nebraska. The Nebraska Department of Labor has been averaging 340 to 350 amusement ride inspection per year for the past several years. This position will be active throughout the year. Indoor rides are generally inspected in the winter months and the summer and fall is the busiest for traveling carnivals. Permanent rides, like the Henry Doorly Zoo and Funplex, in Omaha, are typically done in the spring. The elevator inspectors have always doubled as amusement ride inspectors. The Nebraska Department of Labor has never had a "dedicated" amusement ride inspector.

**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>
Program Manager	-1	-1	<u>\$(58,276)</u>	<u>\$(59,442)</u>
Elevator Inspector	-1	-1	<u>\$(51,043)</u>	<u>\$(52,064)</u>
Staff Assistant	-1	-1	<u>\$(34,686)</u>	<u>\$(35,380)</u>
Benefits.....			<u>\$(41,615)</u>	<u>\$(42,447)</u>
Operating.....			<u>\$(336,500)</u>	<u>\$(336,500)</u>
Travel.....			<u>\$(24,500)</u>	<u>\$(24,500)</u>
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....			<u>\$(546,620)</u>	<u>\$(550,333)</u>