

# FISCAL NOTE

No: 1

Bill Version: HB 326

(H) Publish Date: 2/2/00

**STATE OF ALASKA  
2000 LEGISLATIVE SESSION**

Revision Date/Time (Note if correction): \_\_\_\_\_  
 Title: An Act relating to the inspection of  
boilers and pressure vessels and to fees  
 Sponsor: Rules Committee  
 Requestor: Governor

Department Affected: Labor  
 BRU: Labor Standards and Safety  
 Component: Mechanical Inspection  
 COMPONENT SERIAL NO. 346

**EXPENDITURES/REVENUES:** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS & CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	0.0	0.0	0.0	0.0	0.0	0.0
<b>CAPITAL</b>	0.0	0.0	0.0	0.0	0.0	0.0
<b>CHANGE IN REVENUE*</b>	(41.5)	294.6	365.7	434.5	445.5	445.5
<b>FUND SOURCE #</b>	1005	1005	1005	1005	1005	1005

**FUNDING:** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipt						
1006 GF/MHTIA						
Other (Specify Type)						
<b>TOTAL</b>	0.0	0.0	0.0	0.0	0.0	0.0

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY00) impact: \$ None

**ANALYSIS:** (Attach a separate page if necessary)

The Department of Labor and Workforce Development currently charges a fee for the inspection of a boiler or pressure vessel, as well as a fee for a certificate of operation issued as a result of the inspection. Inspections are performed every one to five years, depending on the type of boiler or pressure vessel. Under this bill, for a fee that will be established by regulation, a new certificate of operation would be issued annually. Routine inspections would be free, but a fee would be charged for special inspections. This bill will allow the department to generate a predictable amount of revenue and to prioritize routine inspections to better address safety needs. Under the bill there is no operating impact or funding change to the division budget. (next page)

Prepared by: Al Dwyer, Director Phone: 465-4855  
 Division: Labor Standards & Safety Date/Time: 1/19/00 11:24 AM  
 Approved by Commissioner: Ed Flanagan, Commissioner  
 Agency: Department of Labor Date: 1/19/00

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**Fiscal Note:** An Act relating to the inspection of boilers and pressure vessels and to fees for services under the boilers and pressure vessels program.

**Revenue Projections**

Certificate Type	Insp. Freq.	FY 01	FY 02	FY 03	FY 04	FY 05
High pressure vessels (steam generators)	1 year	26,415	26,415	26,415	26,415	26,415
Cast-iron and mini boilers	2 years	229,568	459,135	459,135	459,135	459,135
Hot water tanks and unfired pressure vessels**	2 years	35,480	70,960	70,960	70,960	70,960
Unfired pressure vessels**	3 years	2,208	4,415	6,890	8,890	6,890
Unfired pressure vessels**	4 years	57,850	115,700	173,550	231,400	231,400
Unfired pressure vessels - owner/user inspected**	5 years	10,984	21,968	32,952	43,936	54,920
<b>Total projected revenue:</b>		<b>362,504</b>	<b>698,593</b>	<b>769,702</b>	<b>838,536</b>	<b>849,520</b>
<b>Current projected revenue:</b>		<b>404,000</b>	<b>404,000</b>	<b>404,000</b>	<b>404,000</b>	<b>404,000</b>
<b>Difference</b>		<b>(41,496)</b>	<b>294,593</b>	<b>365,702</b>	<b>434,536</b>	<b>445,520</b>

Assumption is that inspections phase in at rates shown below, because boilers with less frequent inspection requirements are grandfathered until current certificate expires.

Certificate Type	# of PV	Ann'l Fee	Total	year 1	year 2	year 3	year 4	year 5
High pressure vessels such as steam generators	587	45.00	26,415	100%	100%	100%	100%	100%
Cast-iron and mini boilers	10,203	45.00	459,135	50%	100%	100%	100%	100%
Hot water and unfired pressure vessels**	1,774	40.00	70,960	50%	100%	100%	100%	100%
Unfired pressure vessels**	223	30.00	6,890	33%	66%	100%	100%	100%
Unfired pressure vessels**	9,256	25.00	231,400	25%	50%	75%	100%	100%
Unfired pressure vessels - owner/user inspected**	2,748	20.00	54,920	20%	40%	60%	80%	100%

**Assumptions:**

1. Boilers and pressure vessels that are not currently inspected annually will phase in at an even rate. In other words, one-half of the two-year vessels phase in during the first year and the other half in the second year. The same phase-in rate is assumed for three, four and five-year vessels. While this is not statistically true, the variations are not substantial.
2. The total number of vessels remains static.

**Notes:**

\* Current projections, based on the assumptions listed below, indicate that this fee plan will generate increasing revenues over the next five years, leveling off at approximately 570.0 above the current projected collection level of 404.0.

\*\* Unfired pressure vessels (UPVs) include such things as air compressors, propane tanks, oxygen tanks, and hot water storage tanks, among others. New UPVs are inspected every four years. Depending upon age, condition and usage of the UPV, inspections may become more frequent over the life of the tanks. This decision is made by the inspector based on a number of factors, such as rate of deterioration.