

HB

262

HAFIN

FILE

ALASKA STATE LEGISLATURE

Representative Lisa Murkowski Chair
Representative Andrew Halcro Vice-Chair
Representative Pete Kott
Representative Kevin Meyer
Representative Norman Rokeberg
Representative Harry Crawford
Representative Joe Hayes



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HOUSE LABOR AND COMMERCE COMMITTEE

Sponsor Statement HB 262 Building Safety Account

House Bill 262 is a fees-for-service measure establishing a building safety account allowing the Department of Labor to collect fees to support its mechanical inspections program and to eliminate the sizeable backlog of elevator and boiler inspections.

In the mid-1990s there were five electrical inspectors, two elevator inspectors, and five boiler/pressure vessel inspectors to inspect approximately 600 elevators statewide. Currently there are only two electrical inspectors, one elevator inspector, and three boiler/pressure inspectors to inspect nearly 900 elevators, with nearly 6,000 boiler/pressure vessels overdue for inspection.

Passage of House Bill 262 will allow the mechanical inspections program to be self-sufficient and to restore a Fairbanks-based electrical inspector and boiler inspector, a Juneau-based elevator inspector, and one Anchorage-based boiler/pressure vessel inspector. Revenue collected by the four additional inspectors will generate enough funds for the program to not only pay for itself, but to enable the department to eliminate the backlog of inspections in approximately two years.

HOUSE COMMITTEE REPORT

(11)

Date Referred to Committee: January 31, 2002

FURTHER REFERRALS:

Date of Committee Action: 2/27/02

The FINANCE Committee considered:

HB 262

HOUSE BILL NO. 262

BUILDING SAFETY ACCOUNT

"An Act relating to accounting for and appropriations of receipts from fees collected by the Department of Labor and Workforce Development for certain inspections and for certain plumbing and electrical worker certificates of fitness; establishing a building safety account; and providing for an effective date."

Recommends it be replaced with CS () [] Same Title [] New Title
 For Senate Bills with new title: [] Technical Title [] New Title: HCR _____

- [] attach amendments
- [] add new referral to _____ Committee
- [] Letter of Intent _____ Committee

List of Abbrev. for Depts.:
 ADM
 CED
 COR
 CRT
 EED
 DEC
 DFG
 GOV
 HSS
 LAA
 LAW
 LWF
 MVA
 DNR
 DPS
 REV
 DOT
 UA

<u>NEW FISCAL NOTES</u>				
*For Chief Clerk's Office Use Only				
List by Dept(s):	*FN#	Fiscal	Indet.	Zero
DLWD				
DLWD		✓		

<u>PREVIOUS FISCAL NOTES</u>				
List by Dept(s):	FN#	Fiscal	Indet.	Zero

<u>Signing with recommendations</u>	Printed Last Name	DP	DNP	NR	AM
<i>[Signature]</i>	Biernde	✓			
<i>[Signature]</i>	Whitaker	✓			
<i>[Signature]</i>	HARRIS	✓			
<i>[Signature]</i>	CROFT	✓			
<i>[Signature]</i>	DAVIES	X			
<i>[Signature]</i>	MOSES	✓			
<i>[Signature]</i>	Lancaster	✓			
<i>[Signature]</i>	Hudson	✓			
Chair: <i>[Signature]</i>	Mulder	✓			
Chair: <i>[Signature]</i>	Williams	✓			

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: HB 262
() Publish Date: _____

Revision Date/Time (Note if correction): 02/26/2002 3:12pm Department: Labor and Workforce Development
Title: Building Safety BRU: Labor Standards & Safety
Component: Mechanical Inspection
Sponsor: House L&C
Requester: House Finance Component Number: 346

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts	(1,275.8)					
1037 GF/Mental Health						
New# Building Safety Acct	1,275.8					
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2002) cost: None

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

The bill creates the Building Safety Account in the state treasury, and designates certain fees collected by the Department of Labor and Workforce Development to be deposited into the fund. These fees include fees collected for boiler inspections, elevator inspections, and electrical and plumbing worker certificates of fitness. The Mechanical Inspection program within the Division of Labor Standards and Safety has collected program receipts in excess of appropriated authority for a number of years, while at the same time funding part of the program with general funds. Creating the Building Safety Account would consolidate collections into a single account and allow replacement of program receipt and general fund authorization. This Fiscal Note was developed based on the authorization levels in the FY 2003 Governor's Amended Budget.

Prepared by: Richard Mastilano, Director Phone: 269-4900
Division: Labor Standards & Safety Date/Time: 2/26/02 3:13 PM
Approved by: Ed Flanagan, Commissioner Date: 02/26/02
Agency: Department of Labor and Workforce Development

For distribution information, call the Governor's Legislative Office

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: HB 262
() Publish Date: _____

Revision Date/Time (Note if correction): _____ Department: Labor and Workforce Development
Title: Building Safety BRU: Labor Standards & Safety
Component: Mechanical Inspection
Sponsor: Rules Committee
Requester: House Finance Component Number: 346

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services	208.5	208.5	208.5	208.5	208.5	208.5
Travel	36.0	36.0	36.0	36.0	36.0	36.0
Contractual	2.5	22.5	22.5	22.5	22.5	22.5
Supplies	9.0	9.0	9.0	9.0	9.0	9.0
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	276.0	276.0	276.0	276.0	276.0	276.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES (New #)	235.0	235.0	235.0	235.0	235.0	235.0
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	(363.5)	(363.5)	(363.5)	(363.5)	(363.5)	(363.5)
1005 GF/Program Receipts	(695.5)	(695.5)	(695.5)	(695.5)	(695.5)	(695.5)
1037 GF/Mental Health						
New# Building Safety Accl	1,335.0	1,335.0	1,335.0	1,335.0	1,335.0	1,335.0
TOTAL	276.0	276.0	276.0	276.0	276.0	276.0

Estimate of any current year (FY2002) cost: None

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time	3	3	3	3	3	3
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

The bill creates the Building Safety Account in the state treasury, and designates certain fees collected by the Department of Labor and Workforce Development to be deposited into the fund. These fees include fees collected for boiler inspections, elevator inspections, and electrical and plumbing worker certificates of fitness. The Mechanical Inspection program within the Division of Labor Standards and Safety has collected program receipts in excess of appropriated authority for a number of years, while at the same time funding part of the program with general funds. Creating the Building Safety Account would consolidate collections into a single account and allow replacement of program receipt and general fund authorization. The division proposes establishing two additional Boiler/Pressure Vessel inspectors and an additional Elevator Inspector, which would generate additional operating funds to the Building Safety Account while addressing the inspection backlog that currently exists within the program.

Prepared by: Richard Mastriano, Director Phone: 269-4900
Division: Labor Standards & Safety Date/Time: 2/20/02 11:08 AM
Approved by: Ed Flanagan, Commissioner Date: 02/20/02
Agency: Department of Labor and Workforce Development

For distribution information, call the Governor's Legislative Office

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: HB 262
(H) Publish Date: 2/1/02

Revision Date/Time (Note if correction): _____ Department: Labor and Workforce Development
Title: Building Safety BRU: Labor Standards & Safety
Component: Mechanical Inspection
Sponsor: Rules Committee
Requester: House L&C Component Number: 346

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	(404.5)	(404.5)	(404.5)	(404.5)	(404.5)	(404.5)
1005 GF/Program Receipts	(695.5)	(695.5)	(695.5)	(695.5)	(695.5)	(695.5)
1037 GF/Mental Health						
New# Building Safety Acct	1,100.0	1,100.0	1,100.0	1,100.0	1,100.0	1,100.0
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2002) cost: None

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

The bill creates the Building Safety Account in the state treasury, and designates certain fees collected by the Department of Labor and Workforce Development to be deposited into the fund. These fees include fees collected for boiler inspections, elevator inspections, and electrical and plumbing worker certificates of fitness. The Mechanical Inspection program within the Division of Labor Standards and Safety has collected program receipts in excess of appropriated authority for a number of years, while at the same time funding part of the program with general funds. Creating the Building Safety Account would consolidate collections into a single account and allow replacement of an equal amount of program receipt and general fund authorization.

Prepared by: Richard Mastriano, Director Phone: 269-4900
Division: Labor Standards & Safety Date/Time: 1/28/02 3:40 PM
Approved by: Ed Flanagan, Commissioner Date: 01/28/02
Agency: Department of Labor and Workforce Development

For distribution information, call the Governor's Legislative Office

STATE OF ALASKA

Tony Knowles, Governor

Department of Labor and Workforce Development OFFICE OF THE COMMISSIONER

P.O. Box 21149
Juneau, AK 99802-1149
Phone: (907) 465-2700
Fax: (907) 465-2784

February 7, 2002

The Honorable Lisa Murkowski
Chair, House Labor and Commerce Committee
Alaska House of Representatives
State Capitol, Room 408
Juneau, AK 99801

Dear Representative Murkowski:

During the January 30 House Labor and Commerce Committee meeting many issues arose regarding the Boiler Inspection program. The following is in response to the issues that were left unresolved in the hearing.

Classes and types of boilers on the backlog

<u>Class of Boiler</u>	<u>Type of Inspection</u>	<u>Backlog</u>
Power Boilers	Annual	430
Heating Boilers	Bi-Annual	5,490

History of the fee schedule for boiler inspections

Cast Iron Heating Boilers and Hot Water Supply Boilers inspection fees were lowered by ten dollars in 2000, or from fifty dollars per inspection to forty dollars; however, the certificate fees were increased by ten dollars. The fee schedules from 1976 forward are attached.

Feasibility of self-inspection and certification; are there private inspectors available, and if so, at a reasonable cost to consumers?

The four companies that have gone through the process of obtaining the Owner-User accreditation in Alaska are Phillips Alaska, BP Exploration, Unocal Alaska and Agrium.

The process to obtain the Owner-User accreditation is as follows:

- 1) write a manual that meets the requirements of the National Board Inspection Code and State statutes;
- 2) employ commissioned inspectors;
- 3) review of the written program by either the state or a representative of the National Board every three years (owner/requestor pays all costs including travel, hotel, meals and time);

- 4) annual program audit by State (owner pays all costs);
- 5) provide annual training of inspectors; and,
- 6) pay certificate fees.

There are three classes of inspectors: State, Insurance and Owner-User. Currently there are no private inspectors who work independently.

The State charges the same inspection fee anywhere in the state. The State maximizes the number of inspections when traveling to rural parts of Alaska to keep the program as cost effective as possible.

The Owner-User program is the only program with a three-year interval; it is not an inspection cycle, but rather a re-certification of an internal program.

Owners are responsible for getting their boilers inspected. They have the option of using the State inspectors or obtaining insurance coverage so that the insurance inspector inspects the boiler. The more remote the location the less likely an insurance company will cover the vessel.

Liability Issues

In the 1970s, the State would perform courtesy inspections at the request of business owners. On at least two occasions (*Adams v. State* and *Wallace v. State*), the State had knowledge of life threatening situations through courtesy inspections and didn't force abatement. The State was subsequently found to be party to the liability when damages resulted. The Department no longer performs courtesy inspections where there is no clear abatement authority.

According to our attorney general, the owner is the one responsible to insure that the boiler has a certificate of operation so it is the owner and not the State who has the liability. There is no case law on this specific issue.

Will the Legislature need to appropriate funds to the Department if HB 262 is passed?

No separate appropriation language is needed to appropriate funds if HB 262 is passed, however, an appropriation of general funds will still be required in the operating budget. The fiscal note for HB 262 essentially depicts a funding switch reducing the FY 03 General Fund and General Fund Program Receipt appropriation request in the operating budget. The current FY 03 GF and GFPR operating budget request is 1511.1. The fiscal note reduces the GF and GFPR request by 1100.0 and replaces these funds with funds from the new "Building Safety Account". Therefore, an appropriation of 411.1 of general funds is necessary based on the FY 03 request. The FY 03 request does however include two new mechanical inspectors. If this request were approved, these two positions would generate another 160.0 in receipts which would reduce the remaining required GF of 411.1 to 251.1.

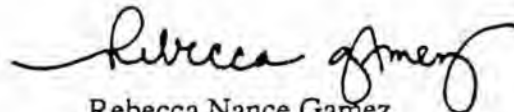
The Honorable Lisa Murkowski
February 7, 2002
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Feasibility of pilot project (Request for Proposal) to help alleviate backlog

The Department needs clarification on the funding source for an RFP. Assuming we hire the necessary inspectors, we are unclear as to how we would fund the RFP.

Please don't hesitate to contact me if you have any questions.

Sincerely,



Rebecca Nance Gamez
Deputy Commissioner

Attachment

cc: Representative Andrew Halcro,
Vice Chair, House Labor and Commerce Committee
Representative Harry Crawford
Representative Joe Hayes
Representative Pete Kott
Representative Kevin Meyer
Representative Norm Rokeberg

Current	High Pressure Under 250 Sq Ft		\$65.00	\$60.00
Register 156, Nov 00	High Pressure Over 250 Sq Ft		\$75.00	\$60.00
	High Pressure 750 Sq Ft		\$105.00	\$75.00
	Low Pressure Under 500 Sq Ft		\$55.00	<u>\$40.00</u>
	Low Pressure Over 500 Sq Ft		\$80.00	<u>\$50.00</u>
	Cast Iron and Mini Boilers	<u>\$40.00</u>		
	Hot Water Supply	<u>\$30.00</u>		
	Unfired Pressure Vessels	\$40.00		
	Less than 36" Dia			
	Over 36" Dia			
	Shop and Special Inspections			
	1/2 day 4hrs or less	\$75 / Hour		
	Full Day 4 to 8 hrs			
	Plus Trans and Expenses			
	Certificate Fees	<u>\$30.00</u>		

Register 152, Dec 99	High Pressure Under 250 Sq Ft		\$65.00	\$60.00
	High Pressure Over 250 Sq Ft		\$75.00	\$60.00
	High Pressure 750 Sq Ft		\$105.00	\$75.00
	Low Pressure Under 500 Sq Ft		\$55.00	\$50.00
	Low Pressure Over 500 Sq Ft		\$80.00	\$60.00
	Cast Iron and Mini Boilers	\$50.00		
	Hot Water Supply	\$40.00		
	Unfired Pressure Vessels	\$40.00		
	Less than 36" Dia			
	Over 36" Dia			
	Shop and Special Inspections			
	1/2 day 4hrs or less	<u>\$75 /hr</u>		
	Full Day 4 to 8 hrs	<u>Repealed</u>		
	Plus Trans and Expenses			
	Certificate Fees	<u>\$20.00</u>		

Register 124, Oct 92	High Pressure Under 250 Sq Ft	<u>\$65.00</u>	<u>\$60.00</u>
	High Pressure Over 250 Sq Ft	<u>\$75.00</u>	<u>\$60.00</u>
	High Pressure 750 Sq Ft	<u>\$105.00</u>	<u>\$75.00</u>
	Low Pressure Under 500 Sq Ft	<u>\$55.00</u>	<u>\$50.00</u>
	Low Pressure Over 500 Sq Ft	<u>\$80.00</u>	<u>\$60.00</u>
	Cast Iron and Mini Boilers	<u>\$50.00</u>	
	Hot Water Supply	<u>\$40.00</u>	
	Unfired Pressure Vessels	<u>\$40.00</u>	
	Less than 36" Dia		
	Over 36" Dia		
	Shop and Special Inspections		
	1/2 day 4hrs or less	<u>\$60 / Hr or</u>	
	Full Day 4 to 8 hrs	<u>\$480 / day</u>	
	Plus Trans and Expenses		
	Certificate Fees	<u>\$20.00</u>	

Register 90, July 84	High Pressure Under 250 Sq Ft	<u>\$45.00</u>	<u>\$40.00</u>
	High Pressure Over 250 Sq Ft	<u>\$55.00</u>	<u>\$40.00</u>
	High Pressure 750 Sq Ft	<u>\$85.00</u>	<u>\$55.00</u>
	Low Pressure Under 500 Sq Ft	<u>\$35.00</u>	<u>\$30.00</u>
	Low Pressure Over 500 Sq Ft	<u>\$60.00</u>	<u>\$40.00</u>
	Cast Iron and Mini Boilers	<u>\$30.00</u>	
	Hot Water Supply	<u>\$20.00</u>	
	Unfired Pressure Vessels		
	Less than 36" Dia	<u>\$20.00</u>	
Over 36" Dia	<u>\$20.00</u>		
Shop and Special Inspections			
1/2 day 4hrs or less	<u>\$100.00</u>		
Full Day 4 to 8 hrs	<u>\$200.00</u>		
Plus Trans and Expenses			
Certificate Fees	<u>\$12.00</u>		

Register 65, Apr 78	High Pressure Under 250 Sq Ft	\$35.00	<u>\$30.00</u>
	High Pressure Over 250 Sq Ft	\$45.00	<u>\$30.00</u>
	High Pressure Over 750 Sq Ft	\$75.00	<u>\$45.00</u>
	Low Pressure Under 500 Sq Ft	\$25.00	\$20.00
	Low Pressure Over 500 Sq Ft	\$50.00	\$30.00
	Cast Iron and Mini Boilers	<u>\$20.00</u>	
	Hot Water Supply	\$10.00	
	Unfired Pressure Vessels		
	Less than 36" Dia	\$10.00	
	Over 36" Dia	<u>\$15.00</u>	
	Shop and Special Inspections		
	1/2 day 4hrs or less	\$75.00	
	Full Day 4 to 8 hrs	\$150.00	
	Plus Trans and Expenses		
	Certificate Fees	<u>\$10.00</u>	

Register 57, Apr 76	High Pressure Under 250 Sq Ft		\$35.00	\$25.00
	High Pressure Over 250 Sq Ft		\$45.00	\$25.00
	High Pressure 750 Sq Ft		\$75.00	\$40.00
	Low Pressure Under 500 Sq Ft		\$25.00	\$15.00
	Low Pressure Over 500 Sq Ft		\$50.00	\$25.00
	Cast Iron and Mini Boilers	\$15.00		
	Hot Water Supply	\$10.00		
	Unfired Pressure Vessels			
	Less than 36" Dia	\$10.00		
	Over 36" Dia		\$15.00	\$10.00
	Shop and Special Inspections			
	1/2 day 4hrs or less	\$75.00		
	Full Day 4 to 8 hrs	<u>\$150.00</u>		
	Plus Trans and Expenses			
	Certificate Fees	\$5.00		

Boiler Inspection Fee History

Register and Date	Type Ves	Insp Fee	Int Fee	Ext Fee
Reg 56, Jan 76	High Pressure Under 250 Sq Ft		\$35.00	\$25.00
	High Pressure Over 250 Sq Ft		\$45.00	\$25.00
	High Pressure 750 Sq Ft		\$75.00	\$40.00
	Low Pressure Under 500 Sq Ft		\$25.00	\$15.00
	Low Pressure Over 500 Sq Ft		\$50.00	\$25.00
	Cast Iron and Mini Boilers	\$15.00		
	Hot Water Supply	\$10.00		
	Unfired Pressure Vessels			
	Less than 36" Dia	\$10.00		
	Over 36" Dia		\$15.00	\$10.00
Shop and Special Inspections				
1/2 day 4hrs or less	\$75.00			
Full Day 4 to 8 hrs	\$125.00			
Plus Trans and Expenses				
Certificate Fees	\$5.00			