

**HB**

**262**

# 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



Alaska State Capitol  
Juneau, AK 99801-1182  
Telephone: (907) 465-4954  
Fax: (907) 465-2293  
Representative\_Lisa\_Murkowski@legis.state.ak.us

## 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 to allow the Department of Labor to collect fees to support its mechanical inspections program and eventually 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 the state's boilers and elevators. Currently there are two electrical inspectors, one elevator inspector, and three boiler/pressure inspectors. While the number of inspectors has decreased, the number of boilers has increased to 44,000, and with the enactment of the Americans with Disabilities Act, the number of elevators has nearly doubled to 900. With that, the backlog of boilers has increased to 6,100 and 300 for elevator inspections.

Passage of House Bill 262 will provide the mechanism and proper funding for the mechanical inspections program to generate enough funds to not only become self sufficient, but to restore three new inspectors to the program, and to eliminate the sizeable backlog of inspections in approximately two years.

# FISCAL NOTE

**STATE OF ALASKA**  
**2002 LEGISLATIVE SESSION**

Fiscal Note Number: 3  
 Bill Version: HB 262  
 (S) Publish Date: 3/22/02

Revision Date/Time (Note if correction): 3/19/02 2:38 PM Department: Labor and Workforce Development  
 Title: Building Safety BRU: Labor Standards and Safety  
 Component: Mechanical Inspection  
 Sponsor: House L&C  
 Requester: Senate L&C Component No. 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	173.1	35.4			(70.2)	
Travel	30.0	6.0			(12.0)	
Contractual	22.5				(7.5)	
Supplies	9.0				(3.0)	
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>234.6</b>	<b>41.4</b>	<b>0.0</b>	<b>0.0</b>	<b>(92.7)</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( 1172 )</b>	<b>242.8</b>	<b>49.7</b>			<b>(112.5)</b>	
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	(345.7)					
1005 GF/Program Receipts	(695.5)					
1037 GF/Mental Health						
1172 Building Safety Account	1,275.8	41.4			(92.7)	
<b>TOTAL</b>	<b>234.6</b>	<b>41.4</b>	<b>0.0</b>	<b>0.0</b>	<b>(92.7)</b>	<b>0.0</b>

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				(1)	
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 all program receipt and most 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  
 Division: Labor Standards and Safety  
 Approved by: Ed Flanagan, Commissioner  
 Agency: Department of Labor and Workforce Development

Phone: 269-4900  
 Date/Time: 3/19/02 2:38 PM  
 Date: 3/19/2002

**ANALYSIS CONTINUATION**

The change in personal services costs from FY03 to FY04 is due to the anticipation that the newly created positions will remain vacant for approximately two months at the beginning of FY03. The increase in FY04 is the annualization of position costs for twelve months. Travel costs reflect the additional working months in FY04.

The increase in revenues for FY04 is directly related to an increased number of inspections being completed and the fees collected respectively.

In FY07 the department anticipates that the inspectors will no longer have a backlog and that one Boiler/Pressure Vessel Inspector position will no longer be needed. A reduction in operating expenditures and the revenues collected are shown in the FY07 column of this fiscal note.

# 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

March 26, 2002

The Honorable Gene Therriault  
Chair, Senate State Affairs Committee  
Alaska State Legislature  
State Capitol, Room 121  
Juneau, AK 99801

Dear Senator Therriault:

House Bill 262, establishing a building safety account, passed the House and is now in the Senate State Affairs Committee. I am writing to respectfully request a hearing at your earliest convenience.

Passage of House Bill 262 would create a building safety account enabling the Alaska Department of Labor and Workforce Development to collect fees to support its mechanical inspections program. House Bill 262 not only makes the program self-sufficient, but also would fund three additional inspectors and generate enough revenues to address the backlog of inspections. Currently 6,000 boiler/pressure vessels are overdue for inspection, a serious safety concern.

Your consideration of this request is most appreciated. Please do not hesitate to contact me should you have questions or need more information about this legislation or about the department's mechanical inspection program.

Sincerely,



Ed Flanagan  
Commissioner

cc: Shari Kochman, Office of the Governor  
Rebecca Nance Gamez, Deputy Commissioner  
Rich Mastriano, Director, LS&S

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## HOUSE LABOR AND COMMERCE COMMITTEE

# Memorandum

**Date:** March 25, 2002  
**To:** Senator Gene Therriault  
State Affairs Chair  
**From:** Representative Lisa Murkowski *LM*  
**Subject:** Hearing Request

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House Bill 262 is a fees-for-service measure establishing a building safety account to allow the Department of Labor to collect fees to support its mechanical inspections program and provides the mechanism and proper funding to hire three new inspectors to eliminate the sizeable backlog of elevator and boiler inspections in approximately two years.

House Bill 262 unanimously passed the House and has no known controversy. Enclosed you will find a current copy of House Bill 262, sponsor statement, and fiscal note. Please schedule House Bill 262 in State Affairs the earliest your schedule will allow. Thank you for your consideration.