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FISCAL IMPACT REPORT

SPONSOR <u>HLVMC</u>	LAST UPDATED <u>3/01/23</u>
SHORT TITLE <u>Elevator Safety Act</u>	ORIGINAL DATE <u>2/16/23</u>
	BILL NUMBER <u>CS/House Bill 299/HLVMCS/aHCEDC</u>
	ANALYST <u>Anderson</u>

REVENUE* (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY23	FY24	FY25		
		Indeterminate but minimal	Recurring	General Fund

Parentheses () indicate revenue increases.

*Amounts reflect most recent version of this legislation.

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

	FY23	FY24	FY25	FY26	Recurring or Nonrecurring	Fund Affected
	--	--	\$300.0		Nonrecurring	RLD Construction Industries Division-Information Technology costs
	--	--	--	\$365.0	Recurring	RLD Construction Industries Division-Personal Services Employee Benefits Category

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent version of this legislation.

Relates to
House Bill 37 (2018 session)

Sources of Information

LFC Files

Responses Received From
Regulation Licensing Department (RLD)
Workforce Solutions Department (WSD)

SUMMARY

Synopsis of HCEDC Amendment to HLVMC Substitute of House Bill 299

The Commerce and Economic Development Committee amendment to House Bill 299 amends part A, Section 2, “Definitions”, , striking “is” on line 21 and replacing it with “participates in a” which clarifies the definition of and apprentice further on line 22. “An apprentice means an individual who is learning a trade from a licensed employer and participates in a registered apprenticeship program.”

Synopsis of HLVMC Substitute for House Bill 299

The House Labor, Veterans and Military Affairs Committee substitute for House Bill 299 creates the Elevator Safety Act that provides for the inspection and registration of elevators, The bill requires a new license and certification for erecting, constructing, installing, altering, servicing, testing, performing electrical work on, repairing, maintaining, removing, or dismantling “conveyances.”

Section 2 establishes definitions, including “conveyances,” which mean “a hoisting and lowering mechanism equipped with a car or platform that moves between two or more landings, including elevators, escalators, moving sidewalks, platform lifts or stairway chair lifts for carrying persons between landings.” The section also defines “temporarily dormant” as a conveyance that is placed out of service as specified by the act.

Section 3 defines the type of “conveyances” that are exempt from the act.

Section 4 establishes the division powers and rules and authorizes the Construction Industries Division (CID) of the Regulation and Licensing Department (RLD) to enforce the provisions of the act in accordance with the Uniform Licensing Act and adopt rules in accordance with the act.

Section 5 requires (1) a license and certification to perform the work of erecting, constructing, installing, altering, servicing, testing, performing electrical work on, repairing, maintaining, removing or dismantling of conveyances; (2) a license and permit for removing and dismantling a conveyance; and (3) that work must be inspected by a state certified inspector.

Section 6 establishes the qualifications for licensee and journeyman. Part C indicates a journeyman elevator mechanic may receive a journeyman elevator mechanic certification without examination if the journeyman can furnish documentation of an acceptable combination of documented experience and educational credits before January 1, 2026.

Part D outlines inspector certifications.

Section 7 authorizes CID to issue licenses and certificates up to four (4) years and requires journeyman to have at least eight (8) hours of continuing education upon renewal of the certificate.

Section 8 requires owners and lessees of existing conveyances to register the conveyance with CID by January 1, 2026. All other conveyances shall be registered at the time the conveyance is installed and placed into service. The section also indicates CID shall inspect a conveyance

within 90 days and issue a certificate of operation or a written inspection report detailing all code violations. The owner or lessee of the conveyance then has 60 days from the date of the inspection to remedy any violations set forth in the inspection report.

Section 9 requires contractors' installation of conveyances to comply with all laws, ordinances and rules, including fire and building codes. Part B of the section specifies all electrical work performed pursuant to the act shall be performed pursuant to the Construction Industries Licensing Act.

Section 10 requires permits to be obtained prior to commencing work on conveyances and posting of the permit at the construction site.

Section 11 requires all work performed on conveyances to be performed by a certified elevator mechanic and that inspectors physically witness the tests and verify test results. New conveyance installations shall be installed in compliance with all applicable codes and standards and inspected by a certified inspector and issued a certificate of operation prior to the conveyance being used. Existing conveyances shall be inspected and issued certificates of operation annually.

The inspector shall write a report after inspecting the conveyance and identify any violations. A copy of the report shall be provided to the owner or lessee and to CID. The division is authorized to enforce code compliance against the owner or lessee for any standards violations in the installation, maintenance or repair of the conveyance. The property owner or lessee shall have 60 days from the date of the published inspection report to correct any violations.

CID shall not renew a certificate of operation until all code violations have been corrected. If an inspector determines that a dangerous condition exists, CID shall notify the owner or lessee of the condition and prohibit the use of the conveyance until necessary corrections are made. Any order for alterations or additions or direction that the conveyance not be used until the dangerous condition is corrected shall be considered a final decision and subject to appeal to the district court as indicated in Part F, saying any order for conveyances to not be used until "dangerous conditions" are "remedied" shall be considered a final decision of CID. The division's decisions shall be subject to appeal pursuant to 39-3-1 of state law.

Section 12 provides rules for temporarily shutting down and securing of a conveyance that is not in use.

Section 13 outlines a fee schedule for the initial license or renewal for a four-year contractor license, which is not to exceed \$1,000. Fees per inspection are not to exceed \$300, and elevator permit fees per elevator permit is not to exceed \$1,000. All money collected by CID shall be deposited in the division's publications revolving fund.

Section 14 authorizes CID director or director's designee to enforce the act and rules adopted by the division in district court through injunctive relief.

Section 15 recognizes apprenticeship programs for education and skills training in the conveyance industry that are registered with and approved by the federal department of labor or the workforce solutions department.

The effective date of this bill is July 1, 2025.

FISCAL IMPLICATIONS

RLD reported the revenues from the licensing component of the bill will likely be minimal, but the amount per year is indeterminate at this time because the exact number of elevators in the state is unknown. WSD reports there are 70 elevator mechanics in the state.

RLD indicates it will cost approximately \$300 thousand to develop and implement the electronic licensing and registration system made necessary by this act. Additional personnel and operational costs would begin in FY26 with recurring expenditures estimated at \$364,500 per year.

SIGNIFICANT ISSUES

RLD described additional operating budget impacts of HLVMCS/HB299, stating concerns that an additional appropriation may be needed for the development of framework and for recurring operational expenses. From RLD:

The full fiscal impact on the RLD/CID budget and/or any revenues that may be raised by implementing HLVMCS/HB 299 cannot be fully determined at this time. Additional staff positions (FTE's) and adequate funding will be essential for the RLD/CID to be able to carry out the entirely new registration, licensing, permitting, certifying, inspection and enforcement responsibilities placed on the RLD/CID if HLVMCS/HB 299 is enacted. No appropriation is contained within the bill. The RLD/CID will be unable to absorb these responsibilities within the CID's existing staffing and budget.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

House Bill 299 relates to House Bill 37 of the 2018 session, which also would have created an Elevator Safety Act.

GA/rl/ne/rl/hg/ne