



Ohio Legislative Service Commission

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Fiscal Note & Local Impact Statement

Bill: Sub. H.B. 385 of the 128th G.A.
(LSC 128 0625-3)

Date: May 24, 2010

Status: In House Commerce & Labor

Sponsor: Reps. Stewart and Foley

Local Impact Statement Procedure Required: No — Minimal cost

Contents: Requires licensure of elevator contractors and elevator mechanics and makes other changes to the laws governing elevators

State Fiscal Highlights

STATE FUND	FY 2011	FY 2012	FUTURE YEARS
Labor Operating Fund (Fund 5560) – Department of Commerce			
Revenues	Gain of \$10,000 to \$15,000 or more in license and continuing education fees		Gain of \$27,000 to \$40,000 per year in license and continuing education fees
Expenditures	Increase of \$2,250 plus travel reimbursements for new OCILB board members	Increase of \$4,500 plus travel reimbursements for new OCILB board members	Increase of \$4,500 per year plus travel reimbursements for new OCILB board members
Indigent Defense Support Fund (Fund 5DY0) – Public Defender Commission			
Victims of Crime/Reparations Fund (Fund 4020) – Attorney General			
Revenues	\$0	Potential negligible gain	Potential negligible gain annually
Expenditures	- 0 -		

Note: The state fiscal year is July 1 through June 30. For example, FY 2011 is July 1, 2010 – June 30, 2011.

- The bill establishes licensure requirements for elevator contractors and elevator mechanics. A minimal amount of new license fee revenue, likely between \$27,000 and \$40,000 annually, would be deposited into the Labor Operating Fund (Fund 5560) once the bill is fully implemented. Additional revenue would be gained from fees on continuing education providers and course approvals.
- The licensure requirements take effect 18 months after the effective date of the bill (currently in FY 2012), although elevator mechanics may receive a license up to a year after the effective date of the bill without examination provided they meet certain requirements.
- The bill increases the number of members serving on the Ohio Construction Industry Licensing Board (OCILB) from 17 to 22. This could result in an increase of \$2,250 or so in FY 2011 and \$4,500 each year thereafter in OCILB's per diem expenses plus any travel reimbursements.

- The bill includes criminal penalties for persons acting as or claiming to be an elevator contractor or mechanic without the proper licensure. If additional prosecutions and convictions occur as a result, the Indigent Defense Support Fund (Fund 5DY0) and the Victims of Crime/Reparations Fund (Fund 4020) would receive a portion of the locally collected court costs.

Local Fiscal Highlights

- The criminal penalties the bill applies to persons acting as or claiming to be elevator contractors or mechanics without proper licensure could result in additional prosecutions. First offenses could generate some small amount of new revenue for the counties where the offenses occur.
 - Subsequent offenses, punishable with a more severe penalty, could increase county and municipal adjudication and prosecution expenses. Presumably, fine and court cost revenue collected as a result would offset some or all of any increase in costs for these entities.
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Detailed Fiscal Analysis

Overview

The bill creates the Elevator Section of the Ohio Construction Industry Licensing Board (OCILB), requires the licensure of elevator contractors and elevator mechanics, and makes other changes to the laws governing elevators. The provisions of the bill having notable fiscal effects are discussed in detail below.

Regulation of elevator contractors and mechanics

Beginning eighteen months after the effective date of this bill, elevator mechanics or elevator contractors are required to obtain a license from the OCILB. The elevator mechanic license is for individuals who install, service, and repair elevators. The contractor license applies to a sole proprietor, firm, or corporation that is engaged in the elevator business. The bill includes a grandfathering provision allowing elevator mechanics to receive a license without examination up to a year after the effective date of the bill if the person has (1) worked without supervision as an elevator mechanic for an elevator contractor and (2) has been an elevator mechanic within the three years prior to the bill's effective date.

Elevator mechanics and elevator contractors licensed under the bill may pay initial license fees totaling \$50, which includes \$25 for the application for examination and \$25 for license issuance, and an annual renewal fee of \$60, the current fees established under OCILB rules. Under the new licensing program, the Department estimates that it will regulate approximately 400 to 600 elevator mechanics and approximately 50 to 60 elevator contractor licenses.

If most mechanics and contractors seek initial licensure via the grandfathering provision and pay initial license fees of \$25, fee income to the Labor Operating Fund (Fund 5560) would increase by \$10,000 to \$15,000 over the FY 2011 and FY 2012 period. Once annual license renewals begin, Fund 5560 would collect approximately \$27,000 to \$40,000 in renewal fees each year. There would also be some revenue from continuing education providers, including course approval fees (\$10 + \$1/credit hour) and an annual fee of \$25 from each training provider.

Temporary or emergency licenses

The bill allows the Elevator Section of OCILB to issue a temporary emergency elevator mechanic license to a qualified individual when the Governor declares the state of Ohio to be in a state of emergency due to a natural disaster or mass work stoppage that results in an insufficient number of licensed elevator mechanics required to safely maintain elevators in the state. A temporary emergency license is valid for not more than 45 days and may be renewed for an additional 30 days if the state of emergency is still in effect. No fees can be charged for the issuance or renewal of a temporary emergency elevator mechanic license.

In addition, the bill permits the Elevator Section to issue and establish fees for temporary elevator mechanic licenses valid for up to one year to qualified individuals if it is determined that there is a shortage of licensed elevator mechanics. These temporary licenses may be renewed annually if a shortage persists. Any revenue derived from this temporary license would depend on when or if a workforce shortage would incur and what the established fee would be.

Elevator Section of Ohio Construction Industry Licensing Board

The bill creates the Elevator Section of the OCILB to be represented by five members appointed responsible for elevator contractor and elevator mechanic licenses. This increases the size of the OCILB from 17 to 22 members. As of the end of FY 2009, the OCILB oversaw 18,600 commercial contractors with active licenses commercial contractors in the electrical, HVAC, hydronics, plumbing, and refrigeration trades.

Each member of OCILB, other than the Director or Superintendent or their designees, receives a per diem amount fixed by state law for conducting Board business and for the time spent in necessary travel, as well reimbursement for all actual and necessary expenses incurred in the discharge of their duties. According to OCILB, the per diem per board member is \$187.60 and OCILB sections meet bimonthly. Board members also receive travel reimbursement at 45 cents per mile.

The bill requires the Director of Commerce to appoint the new members 90 days after the bill's effective date, which would currently fall in mid-FY 2011. Therefore, OCILB costs for the new members could increase by approximately \$2,250 ($\187.60×4 eligible members/meeting $\times 3$ meetings) plus any travel reimbursements in FY 2011. For each year thereafter, the costs could increase by about \$4,500 per year ($\187.60×4 eligible members/meeting $\times 6$ meetings/year) plus any applicable travel

reimbursements. According to OCILB, its current staff and computer software are adequate to handle the additional administrative work to process licenses, review continuing education courses, and so forth. OCILB currently employs seven full-time administrative staff and one investigator.

Criminal penalty

Current law prescribes certain penalties for persons acting as or claiming to be a type of contractor without the proper licensure required by OCILB. The bill extends this prohibition to elevator contractors and elevator mechanics and subjects violators to a minor misdemeanor on the first offense and a fourth-degree misdemeanor on subsequent offenses. The former penalty carries a \$150 fine while the latter carries a maximum sentence of 30 days and a maximum fine of \$250.

First offenses of this prohibition could generate some small amount of new revenue for the counties where the offenses occur. This is because these penalties are punishable only by a fine, may not require the offender to be arrested, and cost little to process. There could be a minimal increase in county and municipal adjudication and prosecution expenses for subsequent offenses. Presumably, fine and court cost revenue would offset some or all of any increase in costs for these entities. Fines collected remain in the county of prosecution. It is also possible that the state may gain a negligible amount of state court cost revenue. For misdemeanors, the Indigent Defense Support Fund (Fund 5DY0) receives \$20 per case and the Victims of Crime/Reparations Fund (Fund 4020) receives \$9 per case.

Synopsis of Fiscal Effect Changes

- The substitute version of the bill retains a provision in current law allowing the Board of Building Standards to designate by rule classifications of passenger elevators with a capacity of 750 pounds or less (i.e., handicap chair lifts) that must be inspected once every 12 months. The As Introduced version would have required two inspections every 12 months, as with other passenger elevators, and would have resulted in a gain of \$462,000 annually in inspection fees against new operating costs of \$180,000 for payroll, benefits, and overhead for two new elevator inspector positions.