

Department of Legislative Services
Maryland General Assembly
2014 Session

FISCAL AND POLICY NOTE

House Bill 257

(The Speaker)(By Request - Department of Legislative Services)

Economic Matters

Finance

Elevator Safety Review Board and Division of Labor and Industry - Sunset Extension and Program Evaluation

This bill extends the termination date for the Elevator Safety Review Board by five years to July 1, 2019, and requires a preliminary evaluation of the board by December 15, 2016. The bill also removes a sunset provision related primarily to mediation and arbitration of labor disputes by the Division of Labor and Industry within the Department of Labor, Licensing, and Regulation (DLLR).

The bill takes effect June 30, 2014.

Fiscal Summary

State Effect: Special fund revenues and expenditures for the Elevator Safety Review Board are maintained beyond FY 2014. The Governor's proposed FY 2015 budget assumes continuation of the board and includes \$160,300 for board operations.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law/Background: The Elevator Safety Review Board was established by Chapter 703 of 2001 as a nine-member board within DLLR to license elevator contractors and elevator mechanics. Prior to this, although registration and inspection

provisions governed the use of elevators, there were no specific statutory provisions governing the field of elevator installation and maintenance.

The board licenses and regulates elevator mechanics, elevator renovator mechanics, elevator contractors, elevator renovator contractors, and accessibility lift mechanics, subject to specified exceptions. The board also has the authority to (1) consult with engineering authorities and organizations concerned with standard safety codes about regulations governing the operation, maintenance, servicing, construction, alteration, installation, and inspection of elevator units and qualifications that are adequate, reasonable, and necessary for elevator mechanics and elevator contractors; (2) recommend applicable legislation; (3) adopt bylaws for the conduct of its proceedings; and (4) adopt regulations to carry out the elevator contractor and mechanic licensing law.

Maryland Program Evaluation Act

The Elevator Safety Review Board is 1 of approximately 70 regulatory entities and activities currently subject to periodic evaluation under the Maryland Program Evaluation Act. The Act establishes a process better known as “sunset review” as most entities evaluated are also subject to termination, including the board, which is scheduled to terminate July 1, 2014. The sunset review process traditionally begins with a preliminary evaluation conducted by the Department of Legislative Services (DLS) on behalf of the Legislative Policy Committee (LPC), although a few entities are subject to direct full evaluations. LPC decides whether to waive an agency from further (or full) evaluation. If waived, legislation to reauthorize the agency typically is enacted. Otherwise, a full evaluation usually is undertaken the following year.

A copy of the DLS preliminary sunset report (and the follow-up report, discussed below) on the Elevator Safety Review Board can be found at <http://dls.state.md.us/Content.aspx?page=104>.

Preliminary Evaluation Findings and Recommendations

The board underwent a preliminary evaluation as part of sunset review in 2011. Although the board was required to issue licenses to elevator mechanics and contractors effective October 1, 2001, due to budgetary constraints, the board had only recently begun issuing licenses at the time of the preliminary evaluation. The board had been meeting regularly since February 2011 and was beginning to meet its statutory responsibilities for the first time. In the preliminary evaluation, DLS concluded that it could not fully assess the financial stability of the board or the Elevator Safety Review Board Fund due to the unreliable revenue data provided by DLLR resulting from coding errors in accounting and inadvertent commingling of funds.

DLS recommended that DLLR submit a follow-up report addressing the issues raised in the preliminary evaluation. DLS also deferred a recommendation to LPC on whether to waive the board from full evaluation and for what period of time to extend the board's termination date until after receiving the follow-up report. If the report was not submitted, DLS was to automatically conduct a full evaluation of the board during the 2013 interim. LPC adopted these recommendations at its December 2011 meeting.

DLS received the follow-up report on November 7, 2012, which addressed all of the issues requested by DLS. The report (1) provided an overview of accounting errors and the commingling of funds; (2) supplied accounting history for fiscal 2009 through 2012 and a fiscal 2013 revenue projection; (3) contained historic and projected licensing activity and complaint activity; and (4) addressed the sufficiency of the Elevator Safety Review Board Fund balance and licensing revenues.

In December 2012 DLS submitted an update on the preliminary evaluation to LPC, which recommended that the board be waived from further evaluation and that the board's termination date be extended by five years to July 1, 2019. The update noted that an earlier review date gives DLS the opportunity to assess the stability and viability of the Elevator Safety Review Fund following five years of licensing activity and that waiting any longer may result in insufficient resources for the board to maintain its operations. DLS further found that there was no need for the board to submit any additional follow-up report.

Additional Comments: DLS conducted a full evaluation of the Division of Labor and Industry within DLLR in 2012 in which DLS recommended that the termination dates for the division be repealed (while still recommending that the division be evaluated by July 1, 2023). Chapter 224 of 2013 incorporated these recommendations. However, due to an oversight, a sunset provision related primarily to mediation and arbitration of labor disputes by the division was not included in that legislation. This bill removes that sunset provision and conforms to the intent of Chapter 224 that the division not be subject to termination. Absent legislative action, these provisions terminate July 1, 2014.

Likewise, DLS advises that legislation extending the Elevator Safety Review Board was not introduced in 2013 due to an oversight. If not authorized in the 2014 legislative session, the board and the licensing and regulation of elevator mechanics, elevator renovator mechanics, elevator contractors, elevator renovator contractors, and accessibility lift mechanics will terminate on July 1, 2014.

Additional Information

Prior Introductions: None.

Cross File: SB 293 (The President) (By Request - Department of Legislative Services) - Finance.

Information Source(s): Department of Labor, Licensing, and Regulation; Department of Legislative Services

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