



OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research
and Drafting

Legislative Budget
Office

H.B. 107
134th General Assembly

Fiscal Note & Local Impact Statement

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Version: As Passed by the Senate

Primary Sponsor: Rep. Baldrige

Local Impact Statement Procedure Required: No

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Highlights

- The bill creates a new chapter of law regulating conveyance services, increasing costs paid from the Industrial Compliance Fund (Fund 5560) used by the Division of Industrial Compliance in the Department of Commerce to pay for regulating various trades. The new costs would be for (1) licensing elevator mechanics and contractors and (2) employing a new program administrator to oversee this new function.
- These costs would be offset by license fees to be set by the Division. Licenses renew biennially under the bill.
- There could be approximately 600 to 1,000 individuals and entities in the elevator-related trades subject to licensure under the bill, possibly requiring the Division of Industrial Compliance to hire one program administrator. If so, pay and fringe benefit costs would be between \$59,000 and \$73,000 annually.
- The bill sunsets the provisions pertaining to the licensure of elevator inspectors and mechanics ten years after the effective date of the bill.

Detailed Analysis

Overview

The Division of Industrial Compliance within the Department of Commerce will incur additional costs to implement the new chapter of law created by the bill. The provisions of the bill are based on Revision 1 of National Elevator Industry, Inc.'s Model Elevator Law. The increased costs for the Division will for the most part come from (1) the requirement to license individuals employed as elevator mechanics and contractors, and (2) the requirement to administer and adopt rules pertaining to the issuance and renewal of these licenses. The Division

would also incur some additional costs to reimburse members of the newly created Elevator Safety Review Board for their expenses. The increased costs will likely be paid from the Industrial Compliance Fund (Fund 5560), which funds other sections housed under the Division. However, these costs will likely be offset by license fees to be established by the Division. According to the Department, there are around 33,000 elevators, escalators, and commercially installed accessibility units in the state. There could be approximately 600 to 1,000 individuals and entities in the elevator-related trades who are working in Ohio and subject to licensure under the bill. The lower figure is based on May 2019 employment data for elevator and escalator installers and repairers as shown in the Occupational Employment Statistics database maintained by the U.S. Bureau of Labor Statistics.¹ The higher figure is an estimate that comes from the Ohio Department of Commerce.

Licensing elevator mechanics and elevator contractors

The bill requires a person or business entity that provides conveyance services (erecting, constructing, installing, altering, servicing, repairing, dismantling, removing, or maintaining a conveyance) with certain exceptions in buildings or structures to be licensed by the Division as an elevator mechanic or elevator contractor. Under current law, only elevator inspectors are required to be licensed. The new regulatory costs would presumably be offset by licensing fees which are to be established by the Division, as well as fines. The bill establishes a maximum potential fine of \$1,500, a potential jail sentence of up to 30 days, or both, for violations of the law. License fees and fines will be deposited into Fund 5560.

Administration and enforcement

The Division will incur administrative costs for administering and adopting rules on the issuance and renewal of these licenses. The new regulatory responsibilities would involve the following: (1) assisting in the development of public awareness programs, (2) monitoring inspections and testing in order to ensure performance by licensees, (3) establishing fee schedules, and (4) setting standards for the approval of license testing agencies and continuing education. As a result, the Department anticipates that it will need to hire one program administrator to enforce the new regulations. Based on the state's employee classification plan, if a program administrator is hired at the starting annual salary of approximately \$45,000, it would bring the total annual cost for this position to approximately \$59,000 to \$73,000. This includes \$6,300 (14% of annual salary to cover the employer's share of retirement) and employer's share of health insurance (\$7,830 for single coverage and \$21,494 for family coverage under the state's traditional health plan). These costs would be paid from Fund 5560.

Elevator Safety Review Board

Lastly, the bill creates the Elevator Safety Review Board within the Division's Board of Building Standards to investigate violations of the new licensing chapter, hold disciplinary hearings, and assess penalties for violations as needed. The Elevator Safety Review Board would consist of nine members serving without a salary, although they would be reimbursed for all

¹ Occupational Employment Statistics for elevator and escalator installers and repairers. U.S. Bureau of Labor Statistics (May 2019). <https://data.bls.gov/oes/#/occGeo/One%20occupation%20for%20multiple%20geographical%20areas>. Accessed on March 22, 2021.

expenses necessary in the performance of their duties. Consequently, there will be some small increase in reimbursement expenses, with the costs being paid from Fund 5560.

Sunset provisions

The bill sunsets the elevator contractor and mechanic licensure provisions contained in the bill ten years after their effective date. Presumably, the costs associated with implementing these provisions, as well as any associated offsetting revenues, would then no longer apply to the Division of Industrial Compliance.