



# OHIO LEGISLATIVE SERVICE COMMISSION

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## Fiscal Note & Local Impact Statement

**Bill:** H.B. 236 of the 132nd G.A.  
(L\_132\_1249-2)

**Status:** In House Economic Development, Commerce and Labor

**Sponsor:** Reps. Patton and Cupp

**Local Impact Statement Procedure Required:** No

**Subject:** Creates the Model Elevator Law

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### State Fiscal Highlights

- The bill creates the Model Elevator Law, 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 new inspectors and a program administrator. License fees are to be set by the Division and would be renewed biennially.
- There could be approximately 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 three or four more inspectors and one additional program administrator. If so, pay and fringe benefit costs would be between \$63,000 and \$76,000 per inspector annually. The program administrator's payroll cost would be between \$81,000 and \$93,000 annually.

### Detailed Fiscal Analysis

#### Overview

The Board of Building Standards (BBS) under the Division of Industrial Compliance within the Department of Commerce will incur additional costs to implement the new Model Elevator Law created by the bill. 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 from 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. The

Department estimates that approximately 1,000 individuals and entities would be subject to licensing under the bill.

### **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) in buildings or structures to be licensed by the Division as an elevator mechanic or elevator contractor. Under current law, regulation of elevators is overseen by BBS, and only elevator inspectors are required to be licensed. The Department estimates that it will be required to license 1,000 individuals and entities as elevator mechanics and contractors under the bill. 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. Most of the additional costs would be for new staff. 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 the Division will need to hire three to four inspectors and one program administrator to enforce the new regulations. The Division currently employs 63 conveyance inspectors paid between approximately \$49,000 and \$71,000 annually. Based on the state's employee classification plan, if the conveyance inspectors are hired at the starting annual salary of approximately \$49,000, it will bring the Division's potential payroll costs to between roughly \$63,000 and \$76,000 per employee. This includes \$6,860 (14% of annual salary to cover the employer's share of retirement) and the employer's share of health insurance (\$7,308 for single coverage or \$20,122 for family coverage). A program administrator has an annual starting salary of \$64,300. Including the employer's share of retirement and health insurance noted above would bring the total annual payroll cost for that position to approximately \$81,000 to \$93,000. These costs would be paid from Fund 5560.

### **Elevator Safety Review Board**

Lastly, the bill creates the Elevator Safety Review Board within BBS 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 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.

## Synopsis of Fiscal Changes

Under the substitute version of the bill (L\_132\_1249-2), the Department expects it would have to hire a program administrator to oversee and enforce the new licensing program. A program administrator has a starting annual salary of \$64,300. Including the employer's share of retirement and health insurance noted above would bring the total annual payroll cost for that position to approximately \$81,000 to \$93,000. These costs would be paid from Fund 5560. Under the As Introduced version, the newly created Elevator Safety Review Board was responsible for enforcing the law and responsible for licensing elevator mechanics and contractors. The board remains in the substitute version but it would solely be responsible for disciplinary and administrative hearings for elevator mechanic and contractor license holders.