

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: HB 1057 (First Edition)

SHORT TITLE: Labor Commissioner Fee Authority

SPONSOR(S): Representative Mitchell

FISCAL IMPACT

Yes (X) No () No Estimate Available ()

FY 2001-02 FY 2002-03 FY 2003-04 FY 2004-05 FY 2005-06

REVENUES

See Assumptions and Methodology

EXPENDITURES

PRINCIPAL DEPARTMENT(S) &

PROGRAM(S) AFFECTED: Department of Labor

EFFECTIVE DATE: Section 1 of this act becomes effective October 1, 2001. The remainder of this act is effective when it becomes law.

BILL SUMMARY: The first section of this legislation repeals G.S. 95-105 and 95-106 that outline elevator, dumbwaiter, amusement machinery, aerial tramway, inclined railway, and other special equipment inspection fees. Section 2 of the legislation authorizes the Commissioner of Labor to establish fees relating to elevator and amusement device inspections and certifications. Additionally, it authorizes the Commissioner to establish "reasonable" fees for the examination and certification of inspectors. These fees are to be deposited with the State Treasurer and shall be used for inspection and certification purposes.

BACKGROUND INFORMATION: G.S. 95-105 and 95-106 authorize the Department of Labor to assess and collect a series of fees related to the inspection and certification of elevators, escalators, dumbwaiters, amusement machinery, aerial tramways, inclined railways, and other special equipment. The fee schedule, current collections, and a comparison with other states are outlined below.

NORTH CAROLINA DEPARTMENT OF LABOR

ELEVATOR AND AMUSEMENT DEVICE FEE SCHEDULE COMPARISON

	N.C. Current Fee	Current Collections		Current S.C. Fee		Current Ga. Fee		Current Tn. Fee		Current Va. Fee
Traction Elevators										
1- 5 floors	\$30.00	\$78,410	2-5 floors	\$125.00	1 floor and over	\$130.00	1 floor and over	\$125.00	1 floor and over	N/A
6-10 floors	\$40.00	\$74,130	6-12 floors	\$150.00			<i>All elevators in Tennessee are</i>			
11-15 floors	\$50.00	\$26,070	13 floors and over	\$175.00			<i>\$50 twice a year with a yearly permit fee of \$25.</i>			
16-20 floors	\$60.00	\$12,100								
21 floors and over	\$70.00	\$3,740								
Hydraulic Elevators, Belt Lifts, Escalators, Special, Units not identified as traction or hydraulic			Special Inspection, Belt Lifts		Hydraulic Elevators, Belt Lifts, Escalators, Special, Units not identified as traction or hydraulic		Hydraulic Elevators, Special, Units not identified as traction or hydraulic		Hydraulic Elevators, Belt Lifts, Escalators, Special, Units not identified as traction or hydraulic	
1-5 floors	\$30.00	\$332,180	1 floor and over	\$200.00	1 floor and over	N/A	1 floor and over	\$125.00	1 floor and over	N/A
6-10 floors	\$40.00	\$12,910					<i>All elevators in Tennessee are</i>			
11-15 floors	\$50.00	\$200					<i>\$50 twice a year with a yearly permit fee of \$25.</i>			
16-20 floors	\$60.00									
21 floors and over	\$70.00									
Dumbwaiters, Handicap Lifts										
1-5 floors	\$30.00	\$27,450	1 floor and over	\$100/\$75	1 floor and over	N/A	1 floor and over	\$125.00	1 floor and over	N/A
6-10 floors	\$40.00	\$800								
11-15 floors	\$50.00	\$100								
16-20 floors	\$60.00									
21 floors and over	\$70.00									
Amusement Devices		\$69,256 (all types)								
Inflatable	\$15.00		Inflatable	N/A	Inflatable	\$65.00	Inflatable	N/A	Inflatable	\$15.00
Kiddie Rides	\$15.00		Kiddie Rides	\$50.00	Kiddie Rides	\$65.00	Kiddie Rides	N/A	Kiddie Rides	\$25.00
Major Rides	\$15.00		Major Rides	\$100.00	Major Rides	\$65.00	Major Rides	N/A	Major Rides	\$45.00
Roller Coasters	N/A		Roller Coaster	\$250.00	Roller Coaster	N/A	Roller Coaster	N/A	Roller Coaster	N/A

Total Collections **\$637,346**

Assumptions and Methodology: Section 1 of this legislation repeals G.S. 95-105 and 95-106 that set out a schedule of fees collected by the Department of Labor for the inspection and certification of elevators, amusement machinery, and other special equipment. Section 4 authorizes the Commissioner of Labor to “establish reasonable fees” for this inspection service. The estimates in this note are based on the fee structure as proposed by the Department of Labor and presented to the Joint Appropriations Subcommittee on Natural and Economic Resources.

The Department of Labor estimates that the proposed inspection and certification fees will generate \$2,252,002 in annual collections. The difference between the estimated collections from the proposed fees and the current collections results in the net annual difference in fee collections. The annual estimated increase in fee collections from this legislation is **\$1,614,656**.

Due to the October 1, 2001 effective date, the Department estimates that the proposed fees will generate \$1,362,318 in collections in FY 2001-02. This FY 2001-02 estimate is based on the number of elevators that the Department anticipates to inspect between October 1, 2001 and June 30, 2002. The Department estimates that prior to the effective date of the legislation, they will collect \$136,170 (July 1, 2001 to September 30, 2001) using the existing fee schedule. These two prorated estimates are combined to supply the FY 2001-02 collection estimate of \$1,498,488. Similarly, the typical annual collections generated under the current fee schedule have been prorated to reflect the October 1, 2001 effective date. These prorated estimates are derived using the Department of Labor’s computer program that maintains inspection and certification schedules. For FY 2001-02, the estimated increase in collections from the proposed fee schedule is **\$997,312**. The proposed fee collections, current collections, and net difference are outlined in the chart below.

Since the Department did not propose new fees for elevator installation or alteration nor for the inspection of rope tows, gondolas, chairlifts and T-bars, it is assumed they will charge the amounts listed in the current statutes.

**NORTH CAROLINA DEPARTMENT OF LABOR
PROPOSED ELEVATOR AND AMUSEMENT DEVICE FEE SCHEDULE
Effective - October 1, 2001**

Type of Equipment	Proposed Fee	Frequency of Inspection	No. of Units	2001-2002 Total Revenue	2002-2003 No. of Units	2002-2003 Total Revenue
<i>Traction Elevators</i>						
1 - 10 Floors	\$155	Annual	2,092	\$330,150	3,804	\$589,620
10 Floors and over	\$200	Annual	395	\$80,600	719	\$143,800
<i>Hydraulic Elevators, Belt Lifts, Escalators, Specials, Units not identified as traction or hydraulic.</i>						
	\$118	Annual	5,766	\$692,778	10,484	\$1,237,112
<i>Dumbwaiters, Handicap Lifts</i>						
	\$35	Annual	810	\$28,840	1,472	\$51,520
<i>Inflatable</i>						
	\$100	Annual	431	\$43,100	431	\$43,100
<i>Kiddie Rides</i>						
	\$30	Each set up	3,083	\$92,490	3,083	\$92,490
<i>Major Rides</i>						
	\$60	Each set up	1,531	\$91,860	1,531	\$91,860
<i>Roller Coaster</i>						
	\$250	Each set up	10	\$2,500	10	\$2,500
Total Estimated Collections from Proposed Fees				\$1,362,318		\$2,252,002
				(Prorated for Oct 1, 2001 - June 30, 2002)		
Plus Estimated Collections for July 1, 2001 – September 30, 2001 using existing fees				\$136,170		
Minus Current Collections				\$(501,176)		\$(637,346)
				(Prorated for Oct 1, 2001 – June 30, 2002)		
Net Estimated Increase in Collections				\$997,312		\$1,614,656

Technical Note: Pursuant to G.S. 95-110.4, elevator inspectors in NC are employed by the NC Department of Labor. Therefore, Section 4 Subsection 21 and Section 5 Subsection 20 of the legislation that authorize the Department of Labor to establish fees

for the examination and certification of inspectors does not have any practical or fiscal effect.

This fiscal note is based upon the NC Department of Labor proposed inspection fee schedule as presented to the Joint Appropriations Subcommittee on Natural and Economic Resources. The legislation authorizes the Commissioner of Labor to establish “reasonable fees”, but provides no limit or definition of “reasonable fees”. There has been no proposed change in new installation fees, wait fees, or inspection fees for aerial tramways, inclined railways, J-bars, T-bars, or rope tows.

FISCAL RESEARCH DIVISION 733-4910

PREPARED BY: Eugene Son & Richard Bostic

APPROVED BY: James D. Johnson

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