



**House
Legislative
Analysis
Section**

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STATE ELEVATOR INSPECTION FUND

House Bills 5179 and 5180 as introduced
First Analysis (11-30-89)

Sponsor: Rep. Joe Young, Jr.
Committee: State Affairs

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THE APPARENT PROBLEM:

The Department of Labor regulates the inspection and maintenance of elevators and the licensing and regulation of elevator journeymen within the state. Currently, licensing and examination fees charged elevator journeymen are directed into the general fund. The program is a general fund expenditure, but until recently there has been no relationship between fees charged and the funding of the program. During the 1986-87 budget process, the legislature made an initial step toward placing the elevator inspection program on a self-supporting basis — that is, making sure that fees collected are sufficient to support the program. The 1986-87 budget assumed that one half of the program's cost would be paid for by the fees collected. For 1987-88, this concept was fully implemented. Legislation to create an Elevator Inspection Fund was introduced at that time but was not enacted. In order to accomplish the intent of the appropriations decision, legislation is required to establish a restricted fund for elevator fees earmarked for the elevator safety program, and to specify that those fees would be deposited into this special fund, rather than into the general fund.

THE CONTENT OF THE BILLS:

Currently, under the act regulating the inspection, construction and maintenance of elevators and the licensing of elevator contractors, revenues received by the elevator safety board for permits, elevator contractor licenses and examinations, and inspection, among other matters, are deposited in the general fund. House Bill 5180 would amend the act to create a State Elevator Inspection Fund and to require that the above revenues be deposited there and appropriated by the legislature for the operation of the Elevator Inspection Program and for the Department of Labor's indirect overhead expenses. Under the bill, the fund would be under the administration and supervision of the department. The state treasurer would be the custodian of the fund and could invest the surplus of the fund in investments which he or she judged to be in the best interest of the fund. The treasurer would be required to report on the status of the fund to the legislature and the director of the department at the end of each fiscal year. Funds unexpended at the end of each fiscal year would remain in the fund. (MCL 408.816a) House Bill 5179 would amend the act that provides for the licensing of elevator journeymen and for the regulation of elevators to require that fees for elevator journeymen's licenses and examinations also be transmitted to the fund. (MCL 338.2158)

The bills are tie-barred to each other.

FISCAL IMPLICATIONS:

The Department of Labor reports that the bills would have no fiscal implications for the state. (11-30-89)

ARGUMENTS:

For:

Instead of being directed into the state's general fund, fees obtained from elevator inspection and licensing fees would go directly into a special elevator inspection fund — a fund specifically earmarked to regulate the inspection, construction, installation, alteration, maintenance, repair, and operation of elevators. Thus, the elevator inspection program would become self-supporting, as the legislature has already proposed through the appropriations process.

Against:

User fees may become excessive if they are not subsidized by the general fund. The cost of elevator safety inspections should be shared by the public and not be the total responsibility of the building owner.

POSITIONS:

The Department of Labor supports the bill. (11-30-89)

H.B. 5179 (11-30-89)