Doug Gibbs February 24, 2011 471-0051

LB 593

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT - STATE AGENCIES *					
	FY 2011-12		FY 2012-13		
_	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE	
GENERAL FUNDS					
CASH FUNDS	(\$8,000)	(\$36,036)	(\$8,000)	(\$36,036)	
FEDERAL FUNDS					
OTHER FUNDS					
TOTAL FUNDS	(\$8,000)	(\$36,036)	(\$8,000)	(\$36,036)	

^{*}Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB 593 amends the Boiler Inspection Act to change inspection requirements for privately owned boilers in Nebraska.

According to the Department of Labor, at the current time most boilers in Nebraska are inspected by authorized inspectors employed by major insurance companies who insure those boilers. Owners of boilers who are not insured and inspected by those insurance company inspectors have their boilers inspected by Department of Labor boiler inspectors.

Under the provisions of LB 593, privately owned boilers would be required to be inspected by a special inspector, not a state boiler inspector. A "special inspector" is an inspector in the employ of an insurance company authorized to insure boilers in Nebraska against loss from explosion or in the employ of an authorized inspection agency and shall have passed the prescribed examination and been commissioned by the Labor Commissioner.

Boilers are to be inspected at least annually and boilers owned by the State of Nebraska and its political subdivisions may be inspected by the state boiler inspector in lieu of inspection by a special inspector.

The Commissioner may waive the inspection requirement for antique engines with a boiler if a nonprofit association of owners of such engines certifies that the association contracts with an authorized inspection agency to inspect boilers owned by its members, the boiler has been inspected and certified as safe, a copy of the inspection report is filed with the Commissioner; and the owner pays the certificate of inspection fee.

Inspections by a special inspector shall not be required of a boiler if an annual inspection is made under city ordinance, a certificate of inspection is filed with the Commissioner, the inspector for the city is properly credentialed, and payment is made of the certificate of inspection fee.

The bill requires that not less than 30 days before a boiler required to be inspected under the Act is to be installed a permit to install shall be obtained from the Commissioner.

Potable hot water heaters, pool heaters, and spa heaters installed in single-family residences and apartment houses with four or less units are exempt from the Act.

The Department of Labor estimates that LB 593 will reduce revenue by reducing the number of inspections conducted and the fees collected by the Department by \$36,036 for both fiscal years. The bill will also reduce expenditures by \$8,000 for both fiscal years because of a reduction in travel expenses.

There is no basis to disagree with the Department's estimate of fiscal impact.

REVIEWED E	Y Gary Bush	DATE 2/16/11	PHONE 471-2526	
COMMENTS				
NEBRASKA DEPARTMENT OF LABOR: Agency's estimate of impact appears to be reasonable.				

Date: 2/18/2011

FISCAL NOTE LB593 Nebraska Department of Labor

Prepared By Ward, Debbie Kay
Date Prepared 2/18/2011
Prepared Phone 402-471-2492

Estimate Provided By State Agency or Political Subdivision

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	FY 2011-2012		FY 2012-2013	
A STATE OF THE STA	Expenditures	Revenue	Expenditures	Revenue
General Funds				
Cash Funds	-8000	-36036	-8000	-36036
Federal Funds				
Other Funds				
Total Funds	-8000	-36036	-8000	-36036

Explanation of Estimate:

LB 593 changes the inspection requirements for privately owned boilers in Nebraska. Currently most boilers in Nebraska are inspected by authorized inspectors employed by major insurance companies who insure these boilers (9382). Owners of boilers who are not insured and inspected by these inspectors currently have their boilers inspected by Department of Labor boiler inspectors (1389). Under this bill, privately owned boilers would be required to be inspected by a special inspector (as defined in LB 593), not a state boiler inspector (1,001). This would result in a loss of revenue of \$36,036 (1,001 inspections at an average fee of \$36). This loss of revenue would be offset by a decrease in expenses incurred (travel, lodging and per diem expenses).

Also under LB 593, boilers owned by the State of Nebraska and its political subdivisions may be inspected by the state boiler inspector or by a special inspector. Currently there are 387 of 2952 governmental boilers inspected by the Department of Labor. In addition to the approximately 387 annual inspections of public boilers, the state boiler inspectors will inspect all new installations (currently around 400 per year) at an average fee of \$36.

Major Objects of Expenditure

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	Number of Positions		FY 2011-2012	FY 2012-2013
Position Title	FY 2011-2012	FY 2012-2013	Expenditures	Expenditures
		Benefits		
		Operating		
		Travel	-8000	-8000
		Capital outlay		
		Aid		
		Capital improvements		
		Total	-8000	-8000