

Department of Planning and Budget 2007 Fiscal Impact Statement

1. Bill Number HB2725

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed
Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron McClellan

3. Committee Commerce and Labor

4. Title Occupational safety and health program for public employees.

5. Summary/Purpose: This bill adds the Safety and Health Codes Board as an entity, in addition to the Commissioner of the Department of Labor and Industry, who can establish regulations and procedures for enforcing the occupational health and safety program. Specifically, this bill authorizes both of these bodies to impose penalties on public sector entities that violate occupational safety and health laws.

6. Fiscal Impact Estimates are: Preliminary, see item 8 (below).

Revenue Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2006-07	\$0	n/a	n/a
2007-08	\$0	n/a	n/a
2008-09	\$66,000	n/a	General Fund
2009-10	\$66,000	n/a	General Fund
2010-11	\$66,000	n/a	General Fund
2011-12	\$66,000	n/a	General Fund
2012-13	\$66,000	n/a	General Fund

7. Budget amendment necessary: No.

8. Fiscal implications: This bill allows the Commissioner of the Department of Labor and Industry and the Safety and Health Codes Board, acting through the Department of Labor and Industry (DOLI), to issue penalties to public sector entities that violate occupational safety and health laws. According to DOLI, there are an average of 313 serious violations issued per year to local governments and 109 to state agencies. Assuming that only serious violations that result in either fatal accidents or non-fatal but serious injuries are included, 21 violations could result in fines. Currently, revenues from fines assessed by DOLI are deposited in the general fund, so fines against general fund supported state agencies would be revenue neutral. However, any fines collected from nongeneral fund supported state agencies or local governments can be counted as revenue to the general fund. Based on the state payroll distribution (50 percent general fund, 50 percent nongeneral fund), fines would be collected from nongeneral fund supported state agencies for an average of 2.7 violations per year, (the other 2.7 fineable violations occur in general fund supported state agencies, totaling an average of 5.4 fineable violations from state agencies a year). In addition, local governments would be assessed fines for 15.7 violations per year on average (for a total of 21

fineable violations per year on average). This would result in an approximate total of 18.4 fineable violations per year whose payments would come from nongeneral fund sources. DOLI reports that the average fine for serious violations is \$5,000, of which they collect approximately 50 percent after settlement and court action. The annual revenue impact would then amount to approximately \$46,000 per year (18.4 fineable violations x \$5,000 per fine – 50 percent from settlement and court action). In addition, DOLI anticipates one willful violation fine (\$15,000) and one repeat fine (\$5,000) per year, also from nongeneral fund sources. Therefore the total revenue impact to the general fund would be \$66,000 annually.

The fiscal impact in the form of increased revenue will only occur after the regulation governing the fine structure for governments is in place; DOLI anticipates that this will not happen until 2009.

Although DOLI anticipates some reduction in citations and in workplace fatalities in the public sector as a result of the passage of this bill, it is impossible to quantify the amount of the reduction.

9. Specific agency or political subdivisions affected: Department of Labor and Industry, potentially all state agencies and political subdivisions.

10. Technical amendment necessary: No.

11. Other comments: None.

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cc: Secretary of Commerce and Trade