

Department of Planning and Budget 2008 Fiscal Impact Statement

1. **Bill Number:** HB1192

House of Origin X Introduced Substitute Engrossed
Second House In Committee Substitute Enrolled

2. **Patron:** Moran

3. **Committee:** Courts of Justice

4. **Title:** Child Toy Safety Act of 2008

5. **Summary:** This bill seeks to establish the Child Toy Safety Act of 2008. It will prohibit all persons from knowingly continuing to sell a child product after 14 days of receipt of a recall announcement by the United States Consumer Products Safety Commission (USCPSC). The bill provides for civil penalties of \$1,000 for each day the product continues to be offered for sale. The bill has other enactment clauses, one of which requires the agency's Office of Consumer Affairs, in conjunction with the Office of the Attorney General and the Department of Health, to take all reasonable steps to ensure that recalled toys are no longer available for purchase by the public; to report on the progress of those efforts by December 1, 2008; and to make recommendations for toy standards, including maximum safe lead content

6. **Fiscal Impact Estimates:**

Expenditure Impact: Department of Health

	<i>Dollars</i>		
<i>Fiscal Year</i>	<i>GF</i>	<i>NGF</i>	<i>Positions</i>
2008	\$468,668	-	6.0
2009	\$428,618	-	6.0
2010	\$428,618	-	6.0
2011	\$428,618	-	6.0
2012	\$428,618	-	6.0
2013	\$428,618	-	6.0

Expenditure Impact: Department of Agriculture and Consumer Services

	<i>Dollars</i>		
<i>Fiscal Year</i>	<i>GF</i>	<i>NGF</i>	<i>Positions</i>
2008	\$267,595	-	3.0
2009	\$197,095	-	3.0
2010	\$197,095	-	3.0
2011	\$197,095	-	3.0
2012	\$197,095	-	3.0
2013	\$197,095	-	3.0

7. **Budget Amendment Necessary:** Yes.

- 8. Fiscal Implications:** To implement the bill, the Virginia Department of Health (VDH) will have to employ additional staff in order to administer the necessary steps to ensure that toys recommended for recall by the federal Consumer Products Safety Commission are removed from retail establishments and child day centers. The additional work would comprise the following: (1) informing and educating retailers and child day centers of the act, and the established penalty associated for each day recalled items remain on the shelves available for consumers, (2) inspecting retail establishments across Virginia for toys that remain on shelves 14 days following the released date of the recall notice, (3) collecting essential data in order to refer alleged violations to any attorney for the Commonwealth of the county or city to bring an action to recover the civil penalty, (4) maintain a statewide surveillance database to track violations, and to highlight the strengths and weaknesses of this act in order to make recommendations for additional toy standards that could be promulgated to ensure child health and safety.

In 2007, Consumer Products Safety Commission issued approximately 84 recalls in reference to toys exceeding federal lead paint standards; in some cases over 50 individual products were recalled in a single announcement. VDH would expect to hire a minimum of one inspector per region (five regions) to inspect retail establishments and one position to oversee the program.

In FY 2008, VDH would hire one FTE (Pay Band 4C) to serve as the supervisor to oversee the program. This FTE would also create and update the policy and procedures needed to implement the bill. Using the midpoint salary of \$46,446 plus fringe benefits \$15,902, the expected cost of the 4C FTE is \$62,348.

Next, VDH would hire five FTEs (Pay Band 4B) to inspect retailers within their assigned region. These positions would assure adequate enforcement of the bill and refer any violations appropriately. Each FTE would maintain a regional database for surveillance, and report directly to the supervisor implementing the program. Each FTE position will also be responsible for educational outreach to retailers and child day centers within their region. Using the midpoint salary of \$41,641 plus fringe benefits \$13,613, the expected cost of the five 4B FTEs is \$276,270.

There would be initial set up costs of the program for home offices with a projected expenditure of \$6,675 per office, total cost \$40,000. Annual costs to efficiently maintain the program including state vehicles, travel expenses, office supplies etc, are projected to cost \$15,000 annually.

Total expenditures in FY 2008 are anticipated to be \$468,668.

Department of Agriculture and Consumer Services

Oversight of product safety is not a consumer protection function historically carried out by this agency. In order to fulfill the new mandate created by the bill, the agency would need to deploy an additional three inspectors. The fiscal impact, including transportation and administrative support, would be approximately \$267,595 for FY 2008, and \$197,095 per year thereafter.

9. Specific Agency or Political Subdivisions Affected: Virginia Department of Health, Department of Agriculture and Consumer Services, Office of Attorney General, and Department of Social Services

10. Technical Amendment Necessary: No.

11. Other Comments: The Department of Social Services will incur some minimal costs associated with the bill's requirement to promulgate minimum toy safety standards and provide the subsequent report. However, these expenses can be absorbed within the department's existing appropriation.

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cc: Secretary of Health and Human Resources