Department of Planning and Budget
2016 Fiscal Impact Statement

1. **Bill Number:** SB607

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

2. **Patron:** Dance

3. **Committee:** Commerce and Labor

4. **Title:** Safety and health program for public employees.

5. **Summary:** Directs the Commissioner of Labor and Industry or the Safety and Health Codes Board in the Department of Labor and Industry to adopt regulations for enforcing the occupational and health program applicable to employees of the Commonwealth, its agencies, institutions, political subdivisions, or any public body. The measure provides that these regulations and procedures for enforcing the program shall include provisions for the issuance of proposed penalties, the payment of such penalties or a negotiated sum in lieu of such penalties, and the deposit of such payments into the general fund of the state treasury.

6. **Budget Amendment Necessary**: No.

7. **Fiscal Impact Estimates:** Indeterminate. See Item 8, below.

8. **Fiscal Implications:** It is anticipated that any expenditure impact to the Department of Labor and Industry can be absorbed with existing resources. The Virginia Occupational Safety and Health (VOSH) Program in the Department of Labor and Industry (DOLI) currently inspects state and local government for violations of Virginia's Occupational Safety and Health laws. Currently, the laws apply to government entities in Virginia but there are no applicable penalties. Issuing penalties under this bill will be a negligible addition to VOSH's current process. VOSH has the resources necessary to resolve any disputes that arise as part of the penalties.

   The agency anticipates an average of three willful violations per year. Since 2007 there have been 24 willful violations, all in local government. An average of 1.4 repeated violations are issued per year in local government. An average of 303 serious violations are issued per year in local government. Approximately 15 or five percent of the serious violations issued are high gravity and are subject to penalty. The average penalty issued for high gravity serious items is $6,300 of which DOLI collects approximately 50 percent or less after settlement and court action. DOLI anticipates three willful violations per year and five repeat violations per year. The average penalty for a "high gravity" willful violation is $63,000 and the average penalty for a repeat violation is $12,600, of which DOLI collects approximately 50 percent or less.

It is anticipated this bill will have an indeterminate fiscal impact on the general fund from the collection of penalties imposed on government entities. Section 40.1-49.4 D, Code of Virginia, requires all civil penalties for safety and health violations be paid into the general fund. Penalties to state agencies and local governments resulting from this bill may be paid from the general fund and nongeneral fund sources. Based on DOLI's anticipated collection of penalties from state and local governments, penalties deposited to the general fund may average $148,250 per year beginning in FY 2018. Promulgation of the regulations will mean imposition of penalties will not begin until FY 2018. However, the fiscal impact to the general fund is indeterminate as penalties paid from the general fund into the general fund are revenue neutral.

9. **Specific Agency or Political Subdivisions Affected:** Department of Labor and Industry; state agencies; localities.

10. **Technical Amendment Necessary:** No.

11. **Other Comments:** None.