

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 483 - SB 653

March 24, 2015

SUMMARY OF BILL: Changes employer Occupational Safety and Health Act (OSHA) related penalty for knowingly having an employment condition or practice in the employer's business that seriously endangers the health or safety of the employer's employees from up to \$7,000 to a penalty of not less than \$5,000 up to a maximum of \$50,000; with additional penalties up to a maximum of \$250,000. Allows the Commissioner of the Department of Labor and Workforce Development to waive or reduce OSHA related fines under certain circumstances. Changes the fee for any failure to correct violations from \$7,000 to \$12,000. Creates fees for non-serious violations of \$12,000; establishes a penalty not to exceed \$100,000 for repeated non-serious violations. Establishes a fee of \$12,000 for regulation posting violations.

ESTIMATED FISCAL IMPACT:

Increase State Revenue - \$10,934,000/FY15-16 and Subsequent Years

**Increase State Expenditures – \$2,217,900/FY15-16
\$2,179,000/FY16-17 and Subsequent Years**

Assumptions:

- The Department of Labor and Workforce Development (DLWD) reports the estimated number of citations for serious violations is 3,000 each year.
- DLWD reports the average fee increase for each serious violation will be approximately \$3,478 relative to current law. The recurring increase in fine revenue for serious violations is estimated to be \$10,434,000 (3,000 x \$3,478).
- DLWD reports the additional increase in state revenue generated from serious violations resulting in death to be \$500,000.
- DLWD reports, based on historical data, there is likely no increase in revenue resulting from violations for failure to abate a hazard, willful violations, and failure to post a citation.
- The total recurring increase in state revenue beginning in FY15-16 to the General Fund is estimated to be \$10,934,000 (\$10,434,000 + \$500,000).
- It is assumed the increases in fines will result in a substantial increase in contested penalties as a result of the bill. DLWD would need additional staffing to process the additional workflow.

HB 483 - SB 653

- DLWD reports an additional 15 attorneys and 8 legal assistants will be required to process the additional contested case violations. The department would require an additional appropriation from the General Fund in order to fund such positions.
- The additional positions, including benefits, IT resources, supplies and projected travel expenditures, are estimated to increase state expenditures by \$2,179,062 annually.
- DLWD will incur an additional one-time expenditure of \$38,801 for an initial purchase of computers, telecommunications, and other necessary equipment.
- The total increase in state expenditures from the General Fund for FY15-16 is estimated to be \$2,217,863 (\$38,801 + \$2,179,062).
- The recurring increase in state expenditures beginning in FY16-17 is estimated to be \$2,179,062.

IMPACT TO COMMERCE:

Increase Business Expenditures - \$10,934,000/FY15-16 and Subsequent Years

Assumption:

- The estimated increase in business expenditures as a result of higher violation fees is estimated to be \$10,934,000 per year.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Jeffrey L. Spalding, Executive Director

/dwl