

FISCAL NOTE

The fiscal impact, in the form of increased penalty revenue to county school funds, is indeterminable.

This bill increases the penalty ranges for both willful and serious violations, and increases the maximum penalty for employers who fail to correct violations. The bill also creates new additional penalties that may be added for violations which materially contribute to causing the death of an employee.

While the increase in actual fine collections cannot be estimated, the Department of Workforce Services provides an estimate of the increase in initial fines proposed, based on initial OSHA fines proposed in calendar year 2013.

Willful Violation Percentage Increase:

New minimum penalty percentage increase $(7,000/5,000) \times 100 = 140\%$

New maximum penalty percentage increase $(30,000/70,000) \times 100 = 43\%$

Average percentage increase for willful violations $(140\%+43\%/2) = 91.5\%$

$91.5\% \times 2013$ proposed fines for willful violations of \$630,000 = \$576,450.

Serious Violation Percentage Increase:

New maximum penalty percentage increase $(5,000/7,000) \times 100 = 71.5\%$

$71.5\% \times 2013$ proposed fines for serious violations of \$2,536,355 = \$1,813,494.

The estimated increase in initial fines proposed for willful and serious violations is \$2,389,944 ($\$576,450 + \$1,813,494 = \$2,389,944$).

The penalties included in this calculation are initial proposed fines. Employers have the right to contest initial citations. If the employer's appeal has merit, reductions are taken based on a penalty reduction matrix. If this bill passes, a new penalty reduction matrix would need to be developed via the rule-making process.

This bill also includes provisions for additional penalties that may be added under circumstances involving violations which materially contribute to causing the death of an employee. Application of these additional penalty provisions would also be addressed in the rule-making process. Therefore, the potential fiscal impact of these new provisions cannot be estimated at this time.

Other notes:

- The OSHA Division of the Department of Workforce Services has no record of a willful violation that has contributed to a fatality.
- Failure to Abate Violations are very rare; no violations under this category occurred in calendar year 2013.

Prepared by: Dean Temte, LSO Phone: 777-7881
 (Info. provided by Hayley McKee/John Ysebaert, DWS, 307-777-8229/307-777-6402)