

Fiscal Note

State of Alaska
2018 Legislative Session

Bill Version:	HB 121
Fiscal Note Number:	2
(S) Publish Date:	1/31/2018

Identifier: HB121-DOLWD-OSH-1-26-18
 Title: OCC. HEALTH AND SAFETY CIVIL PENALTIES
 Sponsor: LABOR & COMMERCE
 Requester: (S) Labor & Commerce

Department: Department of Labor and Workforce Development
 Appropriation: Labor Standards and Safety
 Allocation: Occupational Safety and Health
 OMB Component Number: 970

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2019	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2019 Request	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
OPERATING EXPENDITURES	FY 2019	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

1250 UGF Rev (UGF)	230.2		460.4	460.4	460.4	460.4	460.4
Total	230.2	0.0	460.4	460.4	460.4	460.4	460.4

Estimated SUPPLEMENTAL (FY2018) cost: 0.0 (separate supplemental appropriation required)
 (discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2019) cost: 0.0 (separate capital appropriation required)
 (discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? Yes
 If yes, by what date are the regulations to be adopted, amended or repealed? 10/01/18

Why this fiscal note differs from previous version/comments:

This fiscal note reflects an updated Consumer Price Index for All Urban Consumers (CPI-U) adjustment and penalty collection estimates.

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Division:	Labor Standards and Safety	Date:	01/18/2018
Approved By:	Greg Cashen, Acting Commissioner	Date:	01/26/18
Agency:	Department of Labor and Workforce Development		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2018 LEGISLATIVE SESSION

Analysis

This bill requires the Department of Labor and Workforce Development to set maximum and minimum civil penalties for occupational safety and health violations by regulation, and requires that those penalties conform to the Federal Civil Penalties Inflation Adjustments Act Improvements Act of 2015, not to exceed corresponding federal penalties.

The regulations resulting from this legislation will initially adjust maximum and minimum civil penalties for inflation going back to 1990, and then adjust penalties yearly according to changes in the U.S. Consumer Price Index for All Urban Consumers (CPI-U).

It is anticipated that these changes will result in an additional \$460.4 in revenue to the general fund each year. Given the length of time it takes to implement regulations changes, it is anticipated that the revenue increase will occur about halfway into FY2019. Therefore, the FY2019 revenue increase will only be half of this amount.

Provided below is the methodology used in estimating the annual revenue increase. Actual revenue each year will vary depending on the amount of penalties issued.

\$543.2 (average yearly penalties collected by Alaska Occupational Safety and Health (two-year average))
x 1.84766 (multiplier for CPI-U adjustment* from 1990 to 2017, used by federal OSHA for penalty adjustments)

\$1,003.6 (estimated total penalties collected per fiscal year after adjustment)
- \$543.2 (average yearly penalties collected)

\$460.4 (additional penalty revenue per fiscal year)

*CPI-U adjustment multiplier:

246.663 (U.S. CPI-U for October 2017, not seasonally adjusted)
/ 133.5 (U.S. CPI-U for October 1990, not seasonally adjusted)

1.84766 (multiplier from 1990 penalties to current federal adjusted penalties)