

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

May 2, 2005

TO: Honorable Jim Keffer, Chair, House Committee on Ways & Means

FROM: John S. O'Brien, Deputy Director, Legislative Budget Board

IN RE: HB3381 by Jones, Jesse (Relating to the creation of a state occupational health and safety plan; establishing a maintenance tax.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3381, As Introduced: an impact of \$0 through the biennium ending August 31, 2007.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

| Fiscal Year | Probable Net Positive/(Negative) Impact to General Revenue Related Funds |
|-------------|--|
| 2006 | \$0 |
| 2007 | \$0 |
| 2008 | \$0 |
| 2009 | \$0 |
| 2010 | \$0 |

All Funds, Five-Year Impact:

| Fiscal Year | Probable Revenue Gain from <i>GENERAL REVENUE</i> <i>FUND</i> <i>1</i> | Probable (Cost) from <i>GENERAL REVENUE</i> <i>FUND</i> <i>1</i> | Probable (Cost) from <i>FEDERAL FUNDS</i> <i>555</i> |
|-------------|--|---|--|
| 2006 | \$0 | \$0 | \$0 |
| 2007 | \$4,285,155 | (\$4,285,155) | (\$4,285,155) |
| 2008 | \$7,299,931 | (\$7,299,931) | (\$7,299,931) |
| 2009 | \$7,010,969 | (\$7,010,969) | (\$7,010,969) |
| 2010 | \$7,010,969 | (\$7,010,969) | (\$7,010,969) |

| Fiscal Year | Change in Number of State Employees from FY 2005 |
|-------------|---|
| 2006 | 0.0 |
| 2007 | 105.8 |
| 2008 | 211.5 |
| 2009 | 211.5 |
| 2010 | 211.5 |

Fiscal Analysis

The bill would amend the Labor Code to require the Texas Workers' Compensation Commission (TWCC) to develop a state plan related to the state enforcement of occupational health and safety standards in compliance with the federal approval requirements under Section 18, Occupational Health and Safety Act of 1970.

The bill would require TWCC to implement and enforce state laws and rules relating to the protection of the life, health, and safety of persons in their workplaces and authorize the agency to obtain occupational health and safety information from employers and other appropriate sources. The bill would authorize TWCC to conduct inspections of worksites. The bill would require TWCC to gather, maintain, and publish statistical information relating to occupational safety and health programs operated by other states in order to conduct comparative evaluation of the effectiveness of the state of Texas' safety programs. The bill would require TWCC to design and conduct research relating to occupational injury and illness prevention, and publish the research results. The bill would require TWCC to consult with employers regarding compliance with state or federal occupational safety laws, rules, or agreements. The bill would require TWCC to collect information relating to occupational safety as required by state or federal laws, rules, or agreements. The bill would require TWCC to collect certain information relating to the job-related accident experience of each employer. The bill would require TWCC to classify employers as necessary to assist them in providing safe and healthful working conditions and to identify hazardous occupations based on data collected by the agency.

The bill would establish funding for the state health and safety plan through an additional maintenance tax collected annually from certain entities that writes workers' compensation insurance in Texas, not to exceed one percent of the correctly reported gross workers' compensation insurance premiums. The bill would require the Commissioner of the Department of Insurance to set the rate of assessment each year in an amount sufficient to cover the costs of the state plan. The bill would require the maintenance tax to be paid to the Department of Insurance and specify that receipts are to be deposited in the General Revenue Fund.

The bill would require TWCC to establish the necessary rules to implement the state plan no later than January 1, 2006, and to implement the plan no later than September 1, 2006.

The bill would take effect on September 1, 2005.

Methodology

Based on information provided by TWCC, implementation of the state occupational safety and health plan would increase the agency's jurisdiction to include the regulation and consultation of public sector employers, in addition to private sector employers currently under the agency's jurisdiction. Based on the analysis of TWCC, it is assumed the increased responsibilities would require 148 Safety Officers (\$35,100/year); 10.5 Administrative Assistants (\$25,932/year); 10 Program Administrators (\$44,928/year); 15 Clerks (\$19,452/year); and 1 Director (\$57,816/year). Based on information provided by TWCC, travel costs associated with the increased duties are estimated to be \$413,782 in fiscal year 2007 and \$827,565 each year thereafter. TWCC estimates the costs to purchase and maintain safety and testing equipment would be \$130,125 in fiscal year 2007 and \$260,250 each year thereafter. TWCC estimates professional fees associated with contracted medical examinations would be \$59,000 per year beginning in fiscal year 2008.

Based on information provided by TWCC, it is assumed contracted professional services would be necessary to integrate and maintain the federal enforcement computer system with TWCC's system at an estimated cost of \$41,200 in fiscal year 2007.

Based on the analysis of TWCC, it is assumed the provisions of the bill requiring the research of employer safety programs and the publication of data would require 26 Research Assistants (\$25,932/year) and 1 Program Administrator (\$35,100/year). TWCC indicates that total costs related to research and publication, including an annual employer census, are estimated to be \$1.9 million per year.

Employee benefits costs associated with the additional 211.5 full-time-equivalent positions are estimated to be 29.74% of salary costs, or \$2,322,273 per year.

Additional costs associated with the increased staffing are estimated to be \$38,599 in fiscal year 2007 and fiscal year 2008 for telephone equipment and installation, with annual telephone utility costs of \$22,525 in fiscal year 2007 and \$45,050 each year thereafter. The annual rent costs are estimated to be \$306,393 in fiscal year 2007 and \$612,786 each year thereafter. The annual costs for consumable supplies are estimated to be \$73,497 in fiscal year 2007 and \$146,993 each year thereafter.

The costs for desktop computers and software are estimated to be \$1,200 per new staff position in fiscal year 2007 and fiscal year 2008. The costs for new office furniture are estimated to be \$412,425 in fiscal year 2007 and 2008.

Based on the analysis of TWCC, it is assumed half of the staffing increases and associated costs would be incurred in fiscal year 2007, and the remaining staffing increases would be incurred in fiscal year 2008. It is assumed that program rules would be developed in fiscal year 2006 using existing staff, and no additional costs would be incurred in that year.

Based on the information provided by TWCC, 50 percent of the state occupational health and safety plan costs would be eligible for federal matching funds. It is assumed the rate of assessment for the newly-created maintenance tax and the existing maintenance tax on gross workers' compensation insurance premiums would be adjusted to cover any increased costs to the state associated with the new plan.

Technology

Information technology costs are estimated to be \$168,100 in fiscal year 2007.

Local Government Impact

Based on information provided by TWCC, it is assumed the impact to local governments would be the same as it would for any other employer under the jurisdiction of the state plan. Potential costs would include penalties for violations of safety and health standards and abatement of hazards found during inspections and consultations.

Source Agencies: 304 Comptroller of Public Accounts, 453 Workers' Compensation Commission, 454 Department of Insurance, 529 Health and Human Services Commission, 537 Department of State Health Services

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