

**STATE  
FISCAL IMPACT**

**Drafting Number:** LLS 11-0237

**Date:** January 26, 2011

**Prime Sponsor(s):** Sen. Guzman

**Bill Status:** Senate Business, Labor & Technology

**Fiscal Analyst:** Alex Schatz (303-866-4375)

**TITLE:** CONCERNING THE REGULATION OF INFLATABLE PLAY STRUCTURES AS PART OF THE CURRENT REGULATION OF AMUSEMENT RIDES BY THE DIVISION OF OIL AND PUBLIC SAFETY IN THE DEPARTMENT OF LABOR AND EMPLOYMENT.

<b>Fiscal Impact Summary</b>	<b>FY 2011-2012</b>	<b>FY 2012-2013</b>
<b>State Revenue</b>		
Cash Funds		
Public Safety Inspection Fund*	\$ 120,000	\$ 120,000
<b>State Expenditures</b>		
Cash Funds		
Public Safety Inspection Fund*	\$ 86,153	\$ 88,765
<b>FTE Position Change</b>	1.3 FTE	1.5 FTE
<b>Effective Date:</b> August 10, 2011, if the General Assembly adjourns on May 11, 2011, as scheduled, and no referendum petition is filed.		
<b>Appropriation Summary for FY 2011-2012:</b> See State Appropriations section.		
<b>Local Government Impact:</b> None.		

\* Fees are set to cover both the direct and indirect costs of a program's implementation. Pursuant to JBC policy, the fiscal note does not include all costs incurred under the bill. See the **Expenditures Not Included** section of the fiscal note for these costs.

**Summary of Legislation**

The bill eliminates an exemption for inflatable amusements under current regulation of amusement rides by the Department of Labor and Employment, Division of Oil and Public Safety. Inflatable amusements and inflatable play structures are defined as a recreational structure made of flexible fabric, kept inflated by continuous air flow. To regulate inflatable amusements, the bill requires operators to submit inspection certificates and proof of financial responsibility to the division.

**State Revenue**

State revenue to the Public Safety Inspection Fund is expected to increase by \$120,000 in both FY 2011-12 and FY 2012-13 to cover anticipated expenditures and indirect costs for the regulation of inflatable amusements.

**Fee Impact on Individuals, Families or Business.** Section 2-2-322, C.R.S., requires legislative service agency review of measures which create or increase any fee collected by a state agency. Table 1 identifies the fee impact of this bill.

<b>Table 1. Fee Impact on Individuals, Families or Business</b>					
<b>Type of Fee</b>	<b>Current Fee</b>	<b>Proposed Fee</b>	<b>Fee Change</b>	<b>Number Affected</b>	<b>Total Fee Impact</b>
Annual Permit Fee for Carnival/Amusement Parks	\$ 500	\$ 500	\$ 0	150	\$ 75,000
Fee Per Ride Inflatable Amusement	0	100	100	450	45,000
<b>TOTAL</b>					<b>\$ 120,000</b>

The fiscal note assumes that there are approximately 150 businesses involving inflatable amusements, with an average of 3 devices per business. Each business would remit an annual permit fee of \$500 in addition to a new fee of \$100 for each regulated inflatable device. Fees will be adjusted as necessary to address actual numbers of regulated inflatable devices.

### **State Expenditures**

Expenditures for the division are expected to increase by \$86,153 and 1.3 FTE in FY 2011-12, and by \$88,765 and 1.5 FTE in FY 2012-13. The division will hire an inspector qualified to oversee and operate the program as well as perform on-site enforcement inspections. A part-time support person will handle the administrative tasks associated with the permit application, and inspector registration process. Reprogramming to implement the bill will require 80 hours of effort by the Office of Information Technology. In addition to standard costs, operating expenses include travel and training costs. Expenditures are outlined in Table 2.

<b>Table 2. Expenditures for the Department of Labor and Employment Under SB11-075</b>		
<b>Cost Components</b>	<b>FY 2011-12</b>	<b>FY 2012-13</b>
Personal Services	\$ 58,416	\$ 70,100
FTE	1.3	1.5
Computer Costs (OIT)	5,920	
Operating Expenses	15,938	18,665
Capital Outlay (one-time cost)	5,879	
<b>TOTAL</b>	<b>\$ 86,153</b>	<b>\$ 88,765</b>

The fiscal note assumes that the scope of regulation covered by the bill is limited to commercial amusements (e.g., in a carnival or other commercial setting, or available for rental). If the scope of regulation includes all inflatable amusements, including those owned by private individuals for use on their own property, the costs of the program will be significantly higher. The fiscal note also assumes that the addition of "installation" oversight concerns inflatable amusements and is not an enlargement of amusement device regulation generally. If these assumptions prove to be in error, the fiscal note will be revised to reflect increased program costs.

### **Expenditures Not Included**

Pursuant to Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. The centrally appropriated costs subject to this policy are summarized in Table 3.

<b>Table 3. Expenditures Not Included Under SB11-075*</b>		
<b>Cost Components</b>	<b>FY 2011-12</b>	<b>FY 2012-13</b>
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$8,875	\$10,650
Supplemental Employee Retirement Payments	2,643	3,737
Indirect Costs	0	0
Leased Space	0	0
<b>TOTAL</b>	<b>\$11,518</b>	<b>\$14,387</b>

*\*More information is available at: <http://colorado.gov/fiscalnotes>*

### **State Appropriations**

The Department of Labor and Employment requires a cash funds appropriation of \$86,153 from the Public Safety Inspection Fund and 1.3 FTE for FY 2011-12. Of this, \$5,920 is reappropriated to the Office of Information Technology.

### **Departments Contacted**

Judicial      Labor and Employment      Law