

REVISED FISCAL IMPACT

(replaces fiscal note dated February 14, 2012)

Drafting Number: LLS 12-0378	Date: March 13, 2012
Prime Sponsor(s): Rep. Coram	Bill Status: House Finance
Sen. Giron; King S.	Fiscal Analyst: Kerry White (303-866-3469)

TITLE: CONCERNING LIMITATIONS ON THE IMPOSITION OF FINES BY STATE AGENCIES FOR MINOR VIOLATIONS, AND, IN CONNECTION THEREWITH, DEFINING A MINOR VIOLATION AS AN INSPECTION-RELATED OR PAPERWORK VIOLATION OF STATE LAW OR STATE AGENCY RULE THAT DOES NOT HARM OR THREATEN PUBLIC HEALTH OR SAFETY AND REQUIRING A STATE AGENCY TO PROVIDE A VIOLATOR WITH NOTICE AND AN OPPORTUNITY TO CURE A MINOR VIOLATION BEFORE IMPOSING A FINE.

Fiscal Impact Summary	FY 2012-2013	FY 2013-2014
State Revenue	<u>(up to \$2.8 million)</u>	<u>(up to \$2.8 million)</u>
General Fund	(up to 2.3 million)	(up to 2.3 million)
Cash Funds		
Water Quality Improvement Fund	(up to 511,000)	(up to 511,000)
State Expenditures		
General Fund	\$3,603,562	\$3,392,165
FTE Position Change		
Effective Date: Upon signature of the Governor, or upon becoming law without his signature.		
Appropriation Summary for FY 2012-2013: See State Appropriations section.		
Local Government Impact: Reduction of \$14.2 million - see Local Government Impact section.		

Summary of Legislation

As amended by the House Economic and Business Development Committee, this bill limits the ability of the Colorado Department of Public Health and Environment (CDPHE) to impose fines for inspection-related or paperwork violations that do not harm or threaten public health or safety. Specifically, CDPHE may not issue fines for an inspection-related violation if the violator makes a reasonable attempt to comply with state rule or law, unless written notice was provided within 20 business days of the inspection and the violator has not cured the violation within 20 business days of the notice. Inspection-related violations are those discovered through inspection of a facility or work performed.

Fines for paperwork violations may not be made, unless written notice was provided within 90 business days of the violation and the violator has not cured the violation within 90 business days of the notice. Paperwork violations are defined as those that involve a failure to meet a filing deadline or a good faith technical error made on a required form.

State Revenue

Beginning in FY 2012-13, this bill reduces fine revenue by up to \$2.8 million per year, including \$2.3 million General Fund and \$511,000 cash funds credited to the Water Quality Improvement Fund. The CDPHE collects \$2.3 million per year in fines related to air quality, hazardous materials, and related violations which are credited to the General Fund. The department also collects \$511,000 per year as a result of water violations, which are credited to the Water Quality Improvement Fund. As a definition of health, life, and safety is not provided in the bill, it is unknown how much, if any, of this amount would continue to be collected.

State Expenditures

This bill could increase state General Fund expenditures by up to \$3.6 million in FY 2012-13 and \$3.4 million in FY 2013-14. Under an agreement with the Environmental Protection Agency (EPA), CDPHE currently enforces violations of EPA standards. Because those standards require the collection of fines and are specified by contract and not in federal law, the fiscal note assumes that this could require up to 37.9 FTE to be refinanced with General Fund. Should this occur, General Fund costs for personnel, and indirect and centrally appropriated costs could increase by \$3,603,562 in FY 2012-13 and \$3,392,165 in FY 2013-14.

State Appropriations

For FY 2012-13, the Department of Public Health and Environment requires an increase in appropriations of \$3,603,562 General Fund and a decrease of \$3,603,562 federal funds.

Departments Contacted

Public Health and Environment